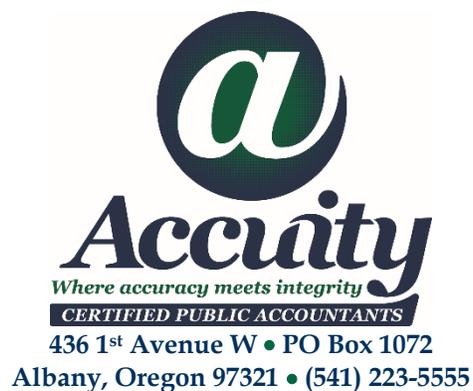




**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

ANNUAL FINANCIAL REPORT

June 30, 2022



**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

DISTRICT OFFICIALS

June 30, 2022

**BOARD OF DIRECTORS**

Alisha Oliver, Chair

Erin Cramer, Vice Chair

Laura Wipper

Coral Form

Mark Henderson

McKenzie Strawn

\*All directors receive mail at the address below\*

**ADMINISTRATION**

Andrew Gardner, Superintendent and Budget Officer (resigned 6/30/2022)

Jane Nofziger, Business Manager (resigned August 2022)

1155 N. 3<sup>rd</sup> Avenue  
Stayton, Oregon 97383

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

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June 30, 2022

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## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
North Santiam School District No. 29J  
Stayton, Oregon 97383

### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Santiam School District No. 29J, Stayton, Oregon, as of and for the year ended June 30, 2022, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Santiam School District No. 29J, Stayton, Oregon as of June 30, 2022, and the respective changes in financial position thereof for the year then ended with accounting principles generally accepted in the United States of America.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of North Santiam School District No. 29J, Stayton, Oregon, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Emphasis of Matter - Change in Accounting Principle

As described in the notes to the financial statements, in the year ended June 30, 2022, the District adopted new accounting guidance: GASB Statement No. 83, *Certain Asset Retirement Obligations*, Statement No. 87, *Leases*, Statement No. 92, *Omnibus 2020*, and Statement No. 97, *Certain Component Unit Criteria*, and *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84*, and a supersession of GASB Statement No. 32. Our opinions are not modified with respect to this matter.

## **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about North Santiam School District No. 29J, Stayton, Oregon's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Santiam School District No. 29J, Stayton, Oregon's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Santiam School District No. 29J, Stayton, Oregon's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedule changes in OPEB liability and related ratios for OPEB – medical benefit, and the budgetary comparison information on pages 5 through 11, 64 through 68, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedules of the District's proportionate share of the net pension liability and District contributions for PERS and OPEB RHIA, the schedule changes in OPEB liability and related ratios for OPEB – medical benefit, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the aforementioned information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Santiam School District No. 29J's basic financial statements. The individual fund schedules, other financial schedules, and supplemental information required by the Oregon Department of Education are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The individual fund schedules, other financial schedules, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The supplemental information required by the Oregon Department of Education has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

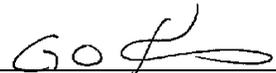
### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

### **Report on Other Legal and Regulatory Requirements**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 13, 2022 on our tests of the District's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Accuity, LLC

By:   
Glen O. Kearns, CPA

Albany, Oregon  
December 13, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**INTRODUCTION**

As management of North Santiam School District No. 29J, Stayton, Oregon, we offer readers this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. It should be read in conjunction with the District's financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

- At June 30, 2022, total net position of North Santiam School District No. 29J amounted to \$(23,384,382). Of this amount, \$(10,082,295) was invested in capital assets, net of related debt. The remaining balance included \$4,635,855 restricted for various purposes, and \$(17,937,942) of unrestricted net position.
- At June 30, 2022, the District's governmental funds reported combined ending fund balances of \$13,173,691.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to North Santiam School District No. 29J's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows, deferred inflows, and liabilities with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements present functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities).

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The governmental activities of the District include revenues and expenditures associated with the purchase, construction, and major repair of governmental capital assets.

The government-wide financial statements can be found on pages 12 through 14 of this report.

**Fund Financial Statements**

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of North Santiam School District No. 29J can be divided into two categories: governmental funds, and proprietary funds.

□ **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Grants and Student Body, Debt Service, and Capital Projects Funds, all of which are considered to be major governmental funds, as well as for the Food Service and Trust and Agency Funds, both of which are considered to be nonmajor governmental funds.

North Santiam School District No. 29J adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets. The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The District maintains one proprietary fund, which is an internal service fund.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the District's various functions. The District uses the internal service fund to account for its unemployment accounts. Because this predominantly benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

**Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 22 through 63 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the schedules of the District's proportionate share of the net pension liability and District contributions - PERS and OPEB RHIA, the schedules of changes in OPEB liability and related ratios - medical benefit, and the budgetary comparison information for the General Fund and Grants and Student Body Fund. This required supplementary information can be found on pages 64 through 68 of this report.

Individual fund schedules can be found on pages 69 through 73 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. At June 30, 2022, the District's liabilities exceeded assets by \$23,384,382.

A large portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets for classrooms and supporting services for providing kindergarten through twelfth grade education. Consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**District's Net Position**

The District's net position increased by \$5,132,341 during the current fiscal year. The increase is primarily due to an increase in grants and contributions and an increase in interest on long-term debt obligations.

Condensed statement of net position information is shown below.

**Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	2022	2021
<b>Assets</b>		
Current and other assets	\$ 12,478,718	\$ 10,533,010
Restricted assets	3,633,215	3,419,832
Capital assets, net of accumulated depreciation	7,059,630	6,061,365
Total assets	23,171,563	20,014,207
<b>Deferred outflows of resources</b>	19,151,701	6,473,959
<b>Liabilities</b>		
Current liabilities	3,678,676	3,957,852
Noncurrent liabilities	51,132,405	47,895,186
Total liabilities	54,811,081	51,853,038
<b>Deferred inflows of resources</b>	10,896,565	3,151,851
<b>Net position</b>		
Net investment in capital assets	(10,082,295)	(12,944,348)
Restricted for various purposes	4,635,855	4,079,523
Unrestricted	(17,937,942)	(19,651,898)
Total net position	\$ (23,384,382)	\$ (28,516,723)

**District's Changes in Net Position**

The condensed statement of activities information shown on the next page explains changes in net position.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**Condensed Statement of Changes in Net Position**

	<b>Governmental Activities</b>	
	2022	2021
<b>Program revenues</b>		
Charges for services	\$ 405,280	\$ 248,082
Operating grants and contributions	8,179,106	5,327,358
Capital grants and contributions	30,000	-
Total program revenues	8,614,386	5,575,440
<b>General revenues</b>		
Taxes	8,808,437	8,512,661
State school fund - general support	14,142,818	16,880,293
Common school fund	241,057	236,830
Unrestricted state and local revenue	721,487	645,502
Unrestricted grants and contributions	1,708,583	215,532
Investment earnings	214,991	153,690
Miscellaneous	1,096,257	696,980
Total general revenues	26,933,630	27,341,488
Total revenues	35,548,016	32,916,928
<b>Program expenses</b>		
Instruction	9,871,525	16,305,180
Support services	8,355,868	10,955,671
Enterprise and community services	1,069,917	1,336,656
Facilities acquisition and construction	8,991	244,617
Unallocated depreciation expense	478,227	418,700
Interest on long-term debt	10,631,147	2,117,867
Total program expenses	30,415,675	31,378,691
<b>Change in net position</b>	5,132,341	1,538,237
<b>Net position - beginning of year</b>	(28,516,723)	(30,054,960)
<b>Net position - end of year</b>	\$ (23,384,382)	\$ (28,516,723)

**Revenues**

Since the District's mission is to provide a free and appropriate public education for kindergarten through twelfth grade students within its boundaries, the District may not charge for its core services.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

As expected, therefore, general revenues provide 88% of the funding required for governmental programs. Property taxes and state school funding combined for 85% of general revenues and 65% of total revenues. Operating grants and contributions represent 23% of total revenues. Included in this category are \$6,793,273 of state reimbursements for special education programs and \$1,385,833 for student nutrition programs.

**Expenses**

Expenses related to governmental activities are presented in several broad functional categories. Costs of direct classroom instruction activities account for 32% of the total expenses of \$30,415,675. In addition, approximately 28% of the costs in supporting services relate to students, instructional staff, and school administration.

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the District's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$13,173,691. The General Fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the General Fund was \$4,857,912. This entire amount constitutes unassigned fund balance, which is available for spending at the District's discretion.

**BUDGETARY HIGHLIGHTS**

Budget amounts shown in the financial statements reflect the original budget amounts.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets for its governmental activities as of June 30, 2022 amounted to \$7,059,630, net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, and machinery and equipment. The total depreciation related to the District's investment in capital assets for the current fiscal year amounted to \$478,228.

Additional information on the District's capital assets can be found on page 33 of this report.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

**Long-Term Liabilities**

At the end of the current fiscal year, the District had total long-term liabilities outstanding of \$42,197,917. This amount comprises general obligation bonds with a related issuance premium, two limited tax pension bonds, two qualified school construction bonds, and one notes payable. The District's total long-term liabilities outstanding increased by \$11,945,992 during the current fiscal year.

Additional information on the District's long-term liabilities can be found on pages 37 through 40 of this report.

**KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could affect its future financial health:

- The proposed budget sets up the District for continued financial stability utilizing federal COVID relief grants and beginning fund balance that meets Board Policy expectations. The proposed budget maintains staffing levels through General Fund, Federal "ESSER" funding, Student Success Act, and High School Success (Measure 98) funding. The Federal funding is set to sunset in 2024. The District will need to plan for right-sizing staff to students as we face the federal funding cliff and State School Fund estimates that are proposed at levels lower than current service budget needs. Student membership is increasing slowly as students return to the classroom post-COVID. Accurate Average Daily Membership measurement will be critical as we plan for future funding.
- The District's focus is to support student's unfinished learning, maintain/improve school safety, and provide for continued teacher professional development, as well as to preserve all positions, while adding counseling positions to support students.
- The District's capital improvement fund is well established. This fund will allow for facility improvements as planned and needed

All of these factors were considered in preparing the District's budget for fiscal year 2022-2023. The unassigned ending General Fund balance of \$4,857,912 will be available for program resources in fiscal year 2022-2023.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to: Business Manager, North Santiam School District No. 29J, 1155 N 3<sup>rd</sup> Ave, Stayton, Oregon 97383.

## **BASIC FINANCIAL STATEMENTS**

**NORTH SANTIAM SCHOOL DISTRICT NO. 25J**  
**Stayton, Oregon**

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 6,946,760
Cash with agent	20,980
Grants and accounts receivable	4,738,138
Inventory	28,365
Property taxes receivable	243,394
Total current assets	11,977,637
Restricted assets	
Cash and cash equivalents	3,573,171
Cash with agent	3,472
Property taxes receivable	56,572
Total restricted assets	3,633,215
OPEB RHIA benefit	317,487
Lease assets, net of accumulated amortization	183,594
Capital assets not being depreciated	5,000
Capital assets being depreciated, net	7,054,630
Total assets	23,171,563
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>19,151,701</b>
<b>LIABILITIES</b>	
Current liabilities	
Accounts payable	673,118
Payroll liabilities	764,672
Compensated absences	75,687
Accrued interest	34,439
Lease liabilities, current portion	87,975
Long-term liabilities, current portion	2,042,785
Total current liabilities	3,678,676
Noncurrent liabilities	
Lease liabilities, less current portion	84,396
Long-term liabilities, less current portion	40,155,132
Net pension liability PERS	9,582,296
OPEB medical liability	1,310,581
Total liabilities	54,811,081
	(continued)

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 25J**  
**Stayton, Oregon**

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
(continued)	
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>10,896,565</u>
<b>NET POSITION</b>	
Net investment in capital assets	(10,082,295)
Restricted for various purposes	4,635,855
Unrestricted	<u>(17,937,942)</u>
Total net position	<u>\$ (23,384,382)</u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			<u>Net (Expense) Revenue and Changes in Net Position</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities					
Instruction	\$ 9,871,525	\$ 288,527	\$ 6,776,846	\$ -	\$ (2,806,152)
Support services	8,355,868	26,787	16,427	-	(8,312,654)
Community services	1,069,917	89,966	1,385,833	-	405,882
Facilities acquisition and construction	8,991	-	-	30,000	21,009
Unallocated depreciation	478,227	-	-	-	(478,227)
Interest on long-term debt	<u>10,631,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,631,147)</u>
Total governmental activities	<u>\$ 30,415,675</u>	<u>\$ 405,280</u>	<u>\$ 8,179,106</u>	<u>\$ 30,000</u>	<u>(21,801,289)</u>
General revenues					
Property taxes levied for general purposes					6,815,940
Property taxes levied for debt service					1,691,054
Construction excise tax					301,443
State school fund - general support					14,142,818
Common school fund					241,057
Unrestricted state and local revenue					721,487
Unrestricted grants and contributions					1,708,583
Investment earnings					214,991
Miscellaneous					<u>1,096,257</u>
Total general revenues					<u>26,933,630</u>
Change in net position					5,132,341
Net position - beginning					<u>(28,516,723)</u>
Net position - ending					<u>\$ (23,384,382)</u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

June 30, 2022

	General Fund	Grants and Student Body Fund	Debt Service Fund	Capital Projects Fund	Food Service Fund	Trust and Agency Fund	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 5,488,000	\$ -	\$ 1,791,996	\$ 3,913,527	\$ 196,070	\$ 14,020	\$ 11,403,613
Cash with agent	20,980	-	3,472	-	-	-	24,452
Grants and accounts receivable	121,911	4,508,593	5,375	19,456	82,803	-	4,738,138
Property taxes receivable	243,394	-	56,572	-	-	-	299,966
Inventory	-	-	-	-	28,365	-	28,365
Total assets	<u>\$ 5,874,285</u>	<u>\$ 4,508,593</u>	<u>\$ 1,857,415</u>	<u>\$ 3,932,983</u>	<u>\$ 307,238</u>	<u>\$ 14,020</u>	<u>\$ 16,494,534</u>
<b>LIABILITIES</b>							
Book overdraft	\$ -	\$ 1,209,216	\$ -	\$ -	\$ -	\$ -	\$ 1,209,216
Accounts payable	31,658	621,909	-	14,219	5,332	-	673,118
Accrued liabilities	764,673	-	-	-	-	-	764,673
Total liabilities	<u>796,331</u>	<u>1,831,125</u>	<u>-</u>	<u>14,219</u>	<u>5,332</u>	<u>-</u>	<u>2,647,007</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable revenue -							
Property taxes	220,042	-	54,100	-	-	-	274,142
Grants	-	399,694	-	-	-	-	399,694
Total deferred inflows of resources	<u>220,042</u>	<u>399,694</u>	<u>54,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>673,836</u>
<b>FUND BALANCES</b>							
Nonspendable	-	-	-	-	28,365	-	28,365
Restricted	-	973,894	1,803,315	1,571,085	273,541	14,020	4,635,855
Committed	-	776,791	-	2,249,286	-	-	3,026,077
Assigned	-	527,089	-	98,393	-	-	625,482
Unassigned	4,857,912	-	-	-	-	-	4,857,912
Total fund balances	<u>4,857,912</u>	<u>2,277,774</u>	<u>1,803,315</u>	<u>3,918,764</u>	<u>301,906</u>	<u>14,020</u>	<u>13,173,691</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 5,874,285</u>	<u>\$ 4,508,593</u>	<u>\$ 1,857,415</u>	<u>\$ 3,932,983</u>	<u>\$ 307,238</u>	<u>\$ 14,020</u>	<u>\$ 16,494,534</u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2022

<b>Total fund balances</b>		\$ 13,173,691
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		274,142
Capital and lease assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Lease assets, net	183,594	
Cost, capital assets	23,735,912	
Accumulated depreciation	<u>(16,676,282)</u>	7,243,224
The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		325,535
Amounts relating to the District's proportionate share of net pension liability or assets for the Oregon Public Employees Retirement System (PERS) are not reported in the governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension expense	19,151,701	
Deferred inflows of resources relating to return on pension assets	(10,496,871)	
OPEB RHIA benefit	317,487	
OPEB medical benefit	(1,310,581)	
Net pension liability	<u>(9,582,296)</u>	(1,920,560)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest	(34,439)	
Lease liability	(172,371)	
Compensated absences	(75,687)	
Notes payable	(221,549)	
Bond premiums	(1,998,462)	
Bonds payable	<u>(39,977,906)</u>	<u>(42,480,414)</u>
<b>Net position of governmental activities</b>		<b>\$ <u>(23,384,382)</u></b>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2022

	General Fund	Grants and Student Body Fund	Debt Service Fund	Capital Projects Fund	Food Service Fund	Trust and Agency Fund	Total Governmental Funds
<b>REVENUES</b>							
Local revenue	\$ 7,278,849	\$ 342,425	\$ 4,167,145	\$ 530,620	\$ 99,162	\$ 2,200	\$ 12,420,401
Intermediate revenue	708,719	112,107	-	30,000	-	-	850,826
State revenue	16,083,061	3,174,428	-	-	9,397	-	19,266,886
Federal revenue	-	3,320,102	-	-	1,385,833	-	4,705,935
Total revenues	<u>24,070,629</u>	<u>6,949,062</u>	<u>4,167,145</u>	<u>560,620</u>	<u>1,494,392</u>	<u>2,200</u>	<u>37,244,048</u>
<b>EXPENDITURES</b>							
Current							
Instruction	13,076,637	3,151,826	-	-	-	-	29,305,100
Support services	8,848,805	3,727,713	-	-	-	7,707	12,584,225
Community services	6,750	63,182	-	-	1,308,126	-	1,378,058
Debt service	1,694,322	-	4,128,049	172,160	-	-	5,994,531
Facilities acquisition and construction	-	-	-	230,444	-	-	230,444
Total expenditures	<u>23,626,514</u>	<u>6,942,721</u>	<u>4,128,049</u>	<u>402,604</u>	<u>1,308,126</u>	<u>7,707</u>	<u>36,415,721</u>
Excess (deficiency) of revenues over (under) expenditures	<u>444,115</u>	<u>6,341</u>	<u>39,096</u>	<u>158,016</u>	<u>186,266</u>	<u>(5,507)</u>	<u>828,327</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Bond proceeds	15,390,000	-	-	-	-	-	15,390,000
Lump sum payment - PERS	(14,567,109)	-	-	-	-	-	(14,567,109)
Transfers in	-	-	-	180,000	-	-	180,000
Transfers out	(50,000)	(130,000)	-	-	-	-	(180,000)
Total other financing sources (uses)	<u>772,891</u>	<u>(130,000)</u>	<u>-</u>	<u>180,000</u>	<u>-</u>	<u>-</u>	<u>822,891</u>
Net change in fund balances	1,217,006	(123,659)	39,096	338,016	186,266	(5,507)	1,651,218
Fund balances - beginning	<u>3,640,906</u>	<u>2,401,433</u>	<u>1,764,219</u>	<u>3,580,748</u>	<u>115,640</u>	<u>19,527</u>	<u>11,522,473</u>
Fund balances - ending	<u>\$ 4,857,912</u>	<u>\$ 2,277,774</u>	<u>\$ 1,803,315</u>	<u>\$ 3,918,764</u>	<u>\$ 301,906</u>	<u>\$ 14,020</u>	<u>\$ 13,173,691</u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2022

<b>Net change in fund balances</b>		\$ 1,651,218
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital asset additions	1,476,494	
Depreciation expense recorded in the current year	<u>(478,228)</u>	998,266
<p>Repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.</p>		
Bond proceeds	(14,755,000)	
Amortization of issuance premium	161,634	
Debt principal paid	<u>2,647,374</u>	(11,945,992)
<p>Lease assets and liabilities are reported as expenditures in the governmental funds when they are paid. In the statement of activities, leases are amortized over the life of the lease.</p>		
		11,223
<p>Compensated absences are recognized as an expenditures in the governmental funds when they are paid. In the statement of activities, compensated absences are recognized as an expenditure when earned.</p>		
		136,163
<p>The internal service fund is used by management to charge the costs of unemployment insurance premiums to individual funds. This activity is consolidated with the governmental funds in the statement of activities.</p>		
		19,007
<p>Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in the governmental funds. In the statement of activities, pension expense or credit is recognized when determined to be accrued.</p>		
		<u>14,262,456</u>
<b>Change in net position</b>		<u>\$ 5,132,341</u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2022

	<u>Internal Service Fund</u> <u>Unemployment</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 325,534
<b>LIABILITIES</b>	<u>-</u>
<b>NET POSITION</b>	
Unrestricted	<u>\$ 325,534</u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -

PROPRIETARY FUND

For the Year Ended June 30, 2022

	<u>Internal Service Fund Unemployment</u>
Operating revenues	\$ 26,787
Operating expenses	
Support services	<u>7,780</u>
Operating income (loss)	19,007
Net position - beginning	<u>306,527</u>
Net position- ending	<u><u>\$ 325,534</u></u>

The accompanying notes are an integral part of these financial statements.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

For the Year Ended June 30, 2022

	<u>Internal Service Fund</u> <u>Unemployment</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Charges for services	\$ 26,787
Payments to employees	<u>(7,780)</u>
Net cash provided (used) by operating activities	<u>19,007</u>
Net increase (decrease) in cash and cash equivalents	19,007
Cash and cash equivalents - beginning	<u>306,527</u>
Cash and cash equivalents - ending	<u><u>\$ 325,534</u></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>	
Operating income (loss)	<u>\$ 19,007</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Net cash provided (used) by operating activities	<u><u>\$ 19,007</u></u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all the activities of the District.

**A. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the District.

**B. Reporting Entity**

North Santiam School District No. 29J is a municipal corporation governed by an elected five-member board. The District was organized under provision of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. There are various governmental agencies and special service districts that provide services within the boundaries of the District; however, the District is not financially accountable for any of these entities, and, therefore, none of them are considered component units or included in the basic financial statements.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds. Separate statements for each fund category – governmental, and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund – The General Fund is the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in another fund. The primary sources of revenue are property taxes and state revenues.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

Special Revenue Fund

*Grants and Student Body Fund* – The Grants and Student Body Fund accounts for the proceeds of specific revenue sources that are restricted for specific purposes. The primary source of revenue is federal grants. The primary uses of revenue are for salaries and employment benefits, education program enhancement, and equipment purchases.

Debt Service Fund

*Debt Service Fund* – The Debt Service Fund accounts for the repayment of the District's long-term debt. The primary source of revenue is property taxes. The primary use of revenue is payment of principal and interest due on long-term debt.

Capital Projects Fund

*Capital Projects Fund* – The Capital Projects Fund accounts for the accumulation of resources to be used for equipment and building needs. The primary sources of revenue are transfers from the General Fund and grants restricted for capital improvements and equipment purchases. The primary use of revenue is for capital improvements to District facilities.

Additionally, the District reports the following nonmajor governmental funds:

Special Revenue Funds

*Food Service Fund* – The Food Service Fund accounts for the proceeds of grant and food sale revenues restricted for food service. The primary source of revenue is federal grants. The primary uses of revenue are for operation of food service programs.

*Trust and Agency Fund* – The Trust and Agency Fund accounts for donor contributions restricted for scholarships. The primary source of revenue is contributions. The primary use of revenue is for scholarship expenses.

In addition, the District reports the following proprietary fund:

Internal Service Fund

*Insurance Fund* – The Insurance Fund is used to account for funds allocated for unemployment benefits. The primary source of revenue is transfers from the General Fund. The primary use of revenue is for unemployment benefits.

Certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between funds included in governmental activities are eliminated.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 30 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

**F. Budgetary Information**

Annual budgets are adopted on the modified cash basis of accounting. The District budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, capital projects, and internal service funds. The District begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the board of directors by resolution prior to the beginning of the District's fiscal year.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

The board resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total instruction, support services, community services, debt service, facilities acquisition and construction, operating contingencies, and interfund transfers for each fund are the levels of control established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the board of directors at a regular board meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the board of directors. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the board of directors.

During the year, there were no supplemental budgets. The District does not use encumbrances and appropriations lapse at year-end.

Budget amounts shown in the financial statements reflect the original budget amounts.

**G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance**

**1. Cash and Cash Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**2. Investments**

State statutes authorize the District to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

**3. Accounts Receivable**

Receivables for federal and state grants, and state, county, and local shared revenues are recorded as revenue when earned.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**4. Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed. Depreciation of capital assets are computed on the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Machinery and equipment	5-20
Buildings and improvements	7-50

**5. Deferred Outflows/Inflows of Resources (Non-Pension Related)**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and will therefore not be recognized as an outflow of resources (expense/expenditure) until that time. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will therefore not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

**7. Fund Balance Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**8. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Restricted fund balance are amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The school board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for the specific purposes but do not meet the criteria to be classified as committed. The school board has by resolution authorized the Business Manager to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e. board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that District intends to use for a specific purpose. Intent can be expressed by the board of directors or by an official or body to which the board of directors delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The District has not formally adopted a policy for commitment or assignment of unrestricted fund balance. The District has not formally adopted a minimum fund balance policy.

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15. Uncollected property taxes are shown as assets in the governmental funds. Property taxes not collected within the fiscal year are recorded as deferred inflows of resources because they are not deemed available to finance operations of the current period.

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**3. Compensated Absences**

Amounts of vested or accumulated vacation leave that are expected to be liquidated with expendable available financial resources are reported as expenditures when paid. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as long-term liabilities on the statement of net position. In accordance with the provisions of GASB Statement No. 47, *Accounting for Compensated Absences*, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

**4. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**5. Proprietary Fund Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the Insurance Fund is charges to other agencies for services provided. Operating expenses for the Insurance Fund include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**I. Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

**II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS**

**A. Deposits and Investments**

North Santiam School District No. 29J maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

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Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The District participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company.

The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC). The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury. These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Annual Comprehensive Financial Report (ACFR). A copy of the State's ACFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset.

The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- *Level 1* - Unadjusted quoted prices for identical investments in active markets.
- *Level 2* - Observable inputs other than quoted market prices; and,
- *Level 3* - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2022.

Fair values of assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Level 2</u>
Oregon Local Government Investment Pool	<u>\$ 8,015,021</u>

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Credit Risk

Oregon statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The District has not adopted an investment policy regarding credit risk; however, investments comply with state statutes.

Investments

As of June 30, 2022, the District had the following investments:

	<u>Credit Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 8,015,021</u>

Interest Rate Risk

The District does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The District does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100 percent of the District's investments are in the Oregon Local Government Investment Pool.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the District's deposits may not be returned. All District deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories.

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Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District holds accounts at multiple institutions, for which deposits are insured by the FDIC insurance up to \$250,000. At June 30, 2022, the District's had deposits of \$304,511 insured by the FDIC, and \$2,594,817 collateralized by the PFCP.

Deposits

The District's deposits and investments at June 30, 2022 are as follows:

Petty cash	\$ 7,240
Checking accounts	2,497,670
Total investments	<u>8,015,021</u>
 Total deposits and investments	 <u><u>\$ 10,519,931</u></u>

Cash and investments by fund:

Governmental activities - unrestricted	
General Fund	\$ 5,488,000
Grants and Student Body Fund (book overdraft)	(1,209,216)
Capital Projects Fund	2,342,442
Internal service fund - Insurance Fund	<u>325,534</u>
 Total governmental activities - unrestricted	 <u><u>6,946,760</u></u>
 Governmental activities - restricted	
Debt Service Fund	1,791,996
Capital Projects Fund	1,571,085
Food Service Fund	196,070
Trust and Agency Fund	<u>14,020</u>
 Total governmental activities - restricted	 <u><u>3,573,171</u></u>
 Total cash and investments	 <u><u>\$ 10,519,931</u></u>

Restricted cash is for future payments of principal and interest on long-term debt, as well as the completion of bond projects.

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June 30, 2022

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ 32,267	\$ -	\$ (32,267)	\$ -
Land	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total capital assets not being depreciated	<u>32,267</u>	<u>5,000</u>	<u>(32,267)</u>	<u>5,000</u>
Capital assets being depreciated				
Buildings and improvements	21,733,823	1,217,015	(30,113)	22,920,725
Equipment and vehicles	<u>523,444</u>	<u>286,743</u>	<u>-</u>	<u>810,187</u>
Total capital assets being depreciated	<u>22,257,267</u>	<u>1,503,758</u>	<u>(30,113)</u>	<u>23,730,912</u>
Less accumulated depreciation for				
Buildings and improvements	(16,079,757)	(424,921)	-	(16,504,678)
Equipment and vehicles	<u>(118,297)</u>	<u>(53,307)</u>	<u>-</u>	<u>(171,604)</u>
Total accumulated depreciation	<u>(16,198,054)</u>	<u>(478,228)</u>	<u>-</u>	<u>(16,676,282)</u>
Total capital assets being depreciated, net	<u>6,059,213</u>	<u>1,025,530</u>	<u>(30,113)</u>	<u>7,054,630</u>
Governmental activities capital assets, net	<u>\$ 6,059,213</u>	<u>\$ 1,025,530</u>	<u>\$ (30,113)</u>	<u>\$ 7,059,630</u>

Capital assets are reported on the statement of net position as follows:

	<u>Capital Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Capital Assets</u>
Governmental activities			
Land	\$ 5,000	\$ -	\$ 5,000
Buildings and improvements	22,920,725	(16,504,678)	6,416,047
Equipment and vehicles	<u>810,187</u>	<u>(171,604)</u>	<u>638,583</u>
Total governmental capital assets	<u>\$ 23,735,912</u>	<u>\$ (16,676,282)</u>	<u>\$ 7,059,630</u>

Depreciation expense was reported on the statement of activities as follows:

Governmental activities	
Unallocated depreciation	<u>\$ 478,227</u>

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**C. Lease Assets**

Lease asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Lease assets				
Buildings	\$ 43,606	\$ 77,197	\$ -	\$ 120,803
Equipment	155,906	1,941	-	157,847
Total lease assets	<u>199,512</u>	<u>79,138</u>	<u>-</u>	<u>278,650</u>
Less accumulated amortization for				
Buildings	-	(56,849)	-	(56,849)
Equipment	-	(38,207)	-	(38,207)
Total accumulated amortization	<u>-</u>	<u>(95,056)</u>	<u>-</u>	<u>(95,056)</u>
Total lease assets, net	<u>\$ 199,512</u>	<u>\$ (15,918)</u>	<u>\$ -</u>	<u>\$ 183,594</u>

**D. Deferred Inflows/Outflows of Resources**

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB RHIA benefit	\$ 102,874	\$ (119,476)
Net pension liability PERS	18,838,402	(10,265,162)
OPEB medical liability	210,425	(112,233)
Deferred grant	-	(399,694)
Total	<u>\$ 19,151,701</u>	<u>\$ (10,896,565)</u>

**E. Compensated Absences**

Compensated absences are generally liquidated using the general fund, activity for the year was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Compensated absences	\$ 211,850	\$ -	\$ 136,163	\$ 75,687

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**F. Interfund Transfers**

Interfund transfers during the year consisted of:

	Transfers in:
	Capital Projects Fund
Transfers out:	
General Fund	\$ 50,000
Grants and Student Body Fund	130,000
Total	\$ 180,000

The primary purpose of the transfers was to cover current year capital projects.

**G. Lease Liabilities**

**1. Changes in Lease Liabilities**

The following is a summary of lease liabilities transactions for the year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Lease liabilities				
Buildings	\$ 43,606	\$ 58,627	\$ (50,172)	\$ 52,061
Equipment	155,906	1,941	(37,537)	120,310
Total lease liabilities	\$ 199,512	\$ 60,568	\$ (87,709)	\$ 172,371

**2. Building Lease - Unit # 2610-2611**

On July 1, 2021, North Santiam School District No. 29J entered into a 25-month lease as Lessee for the use of Building - Unit # 2610-2611, Serial #M99531A, B. An initial lease liability was recorded in the amount of \$43,606. As of June 30, 2022, the value of the lease liability is \$22,709. North Santiam School District No. 29J is required to make monthly fixed payments of \$1,750. The lease has an interest rate of 0.3080%. The Building's estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$43,606, with accumulated amortization of \$20,931, is included with Buildings on the Lease Assets schedule.

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**3. Building Lease - Unit # 2854.55**

On July 26, 2021, North Santiam School District No. 29J entered into a 24-month lease as Lessee for the use of Building - Unit #2854.55. An initial lease liability was recorded in the amount of \$58,627. As of June 30, 2022, the value of the lease liability is \$29,351. North Santiam School District No. 29J is required to make monthly fixed payments of \$2,450. The lease has an interest rate of 0.3080%. The Building's estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$77,197, with accumulated amortization of \$35,918, is included with Buildings on the Lease Assets schedule.

**4. Equipment Lease - Cannon Copies/Printers**

On July 1, 2021, North Santiam School District No. 29J entered into a 49-month lease as Lessee for the use of Canon Copiers/Printers. An initial lease liability was recorded in the amount of \$155,906. As of June 30, 2022, the value of the lease liability is \$118,779. North Santiam School District No. 29J is required to make monthly fixed payments of \$3,154. The lease has an interest rate of 0.5600%. The Equipment's estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$155,906, with accumulated amortization of \$37,821, is included with Equipment on the Lease Assets schedule.

**5. Equipment Lease - Options Academy Copier (1)**

On September 22, 2021, North Santiam School District No. 29J entered into a 47-month lease as Lessee for the use of Options Academy Copier (1). An initial lease liability was recorded in the amount of \$1,941. As of June 30, 2022, the value of the lease liability is \$1,531. North Santiam School District No. 29J is required to make monthly fixed payments of \$42. The lease has an interest rate of 0.5600%. The Equipment's estimated useful life was zero months as of the contract commencement. The value of the right to use asset as of June 30, 2022 of \$1,941, with accumulated amortization of \$386, is included with Equipment on the Lease Assets schedule.

**6. Future Maturities of Lease Liabilities**

Year Ending	Lease Liabilities		
	Principal	Interest	Total
June 30			
2023	\$ 87,975	\$ 655	\$ 88,630
2024	39,624	356	39,980
2025	38,085	145	38,230
2026	6,227	1	6,228
2027	460	-	460
Total	<u>\$ 172,371</u>	<u>\$ 1,157</u>	<u>\$ 173,528</u>

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**H. Long-Term Liabilities**

**1. Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities transactions for the year:

	Interest Rates	Original Amount	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities							
General obligation bonds							
Series 2013	1.25-5%	\$ 22,850,000	\$ 17,805,000	\$ -	\$ 955,000	\$ 16,850,000	\$ 1,040,000
Premium - 2013		<u>2,416,444</u>	<u>2,160,096</u>	<u>-</u>	<u>161,634</u>	<u>1,998,462</u>	<u>-</u>
Total general obligation bonds		25,266,444	19,965,096	-	1,116,634	18,848,462	1,040,000
Other bonds payable							
Limited tax pension bonds	1.5-5.68%	15,657,118	9,086,116	-	413,586	8,672,530	412,534
Limited tax pension bonds - Series 2021	1.5-5.68%	14,755,000	-	14,755,000	370,000	14,385,000	480,000
Qualified school construction bonds - 2005	2.40%	800,000	800,000	-	800,000	-	-
Qualified school construction bonds - 2007	1.32%	<u>1,000,000</u>	<u>140,376</u>	<u>-</u>	<u>70,000</u>	<u>70,376</u>	<u>70,376</u>
Total other bonds payable		32,212,118	10,026,492	14,755,000	1,653,586	23,127,906	962,910
Notes Payable							
Full Faith & Credit Note, Series 2017	2.78%	<u>400,000</u>	<u>260,337</u>	<u>-</u>	<u>38,788</u>	<u>221,549</u>	<u>39,875</u>
Total notes payable		400,000	260,337	-	38,788	221,549	39,875
Total governmental activities		<u>\$ 57,878,562</u>	<u>\$ 30,251,925</u>	<u>\$ 14,755,000</u>	<u>\$ 2,809,008</u>	<u>\$ 42,197,917</u>	<u>\$ 2,042,785</u>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
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**2. General Obligation Bonds**

General obligation bonds are direct obligations that pledge the full faith and credit of the District and are payable from ad valorem debt service levy proceeds. The District issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities, which are pledged as collateral. The District's outstanding general obligation bonds represent funding primarily for building improvement projects. Interest is due semiannually in June and December. Interest rates increase at fixed rates over the life of the bonds in accordance with the original bond agreements. The Debt Service Fund has traditionally been used to liquidate long-term debt.

**3. Limited Tax Pension Bonds**

The District participated in the OSBA Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). District assets are pledged as collateral. A bond in the amount of \$15,657,118 was issued on April 21, 2003. The bond is being amortized over 25 years. Interest is fixed and ranges between 1.5% and 5.68%. Interest rates increase in accordance with the original bond agreements. Interest is due semi-annually on June 30 and December 31. The Debt Service Fund has traditionally been used to liquidate long-term debt.

**4. Limited Tax Pension Bonds - Series 2021**

The District participated in the Oregon Education District's Pension Bond Pool for the purpose of funding the District's allocated portion of the PERS Unfunded Actuarial Liability (UAL). District assets are pledged as collateral. A bond in the amount of \$14,755,000 was issued on August 19, 2021. The bond is being amortized over 20 years. Interest is fixed and ranges between 1.5% and 5.68%. Interest rates increase in accordance with the original bond agreements. Interest is due semi-annually on June 30 and December 30. The Debt Service Fund has traditionally been used to liquidate long-term debt.

**5. Qualified School Construction Bonds - 2005**

The District entered into a financing agreement dated June 16, 2005, under the Qualified School Construction Bonds Program. The District received financing of \$800,000 for upgrades and improvements to school facilities, which are pledged as collateral. The agreement requires annual cash deposits to a sinking fund in the amount of \$41,567 beginning July 6, 2006. The General Fund has traditionally been used to liquidate the long-term debt.

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**6. Qualified School Construction Bonds - 2007**

The District entered into a financing agreement dated April 19, 2007 under the Qualified School Construction Bonds (QSCB) Program. The District received financing of \$1,000,000 for upgrades and improvements to school facilities, which are pledged as collateral. Principal and interest are due annually in April. The General Fund has traditionally been used to liquidate the long-term debt.

**7. Full Faith and Credit Note Payable, Series 2017**

The District entered into a note payable on July 10, 2017 to finance Shaff road improvements, which are pledged as collateral. Principal and interest are due semi-annually in January and July. Interest is fixed at 2.78%. If the District is unable to make payment, the note contains an event of default; the lender may declare the entire unpaid principal and any unpaid accrued interest immediately due. The Debt Service Fund has traditionally been used to liquidate the long-term debt.

**8. General Obligation Debt Capacity**

ORS 328.245 establishes a parameter of bonded indebtedness for school districts. Kindergarten through twelfth grade school districts may issue an aggregate principal amount up to 7.95% of the Real Market Value of all taxable properties within the district. Information on the District's general obligation debt capacity is presented below.

Real Market Value (Fiscal Year 2022) <sup>(1)</sup>	\$	2,625,009,868
<b>Debt Capacity</b>		
General Obligation Debt Capacity (7.95% of Real Market Value)	\$	208,688,285
Less: Outstanding Debt Subject to Limit		16,850,000 <sup>(2)</sup>
Remaining General Obligation Debt Capacity	\$	225,538,285
Percent of Capacity Issued		8.07%

<sup>(1)</sup> The District's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). Source: Linn County Department of Assessment and Taxation.

<sup>(2)</sup> Represents voter-approved, unlimited-tax general obligations of the District.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
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**9. Interest Expense**

Interest expense was reported on the statement of activities as follows:

Interest on long-term debt \$ 10,631,147

**10. Future Maturities of Long-Term Liabilities**

Year Ending June 30	Bonds			Notes		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,002,910	\$ 2,479,035	\$ 4,481,945	\$ 39,875	\$ 6,219	\$ 46,094
2024	3,145,000	1,412,547	4,557,547	40,992	5,103	46,095
2025	3,450,000	1,279,235	4,729,235	42,139	3,955	46,094
2026	3,775,000	1,129,075	4,904,075	43,317	2,775	46,092
2027	4,120,000	962,434	5,082,434	44,531	1,563	46,094
2028-2032	13,309,996	2,908,948	20,315,793	10,695	316	11,011
2033-2037	7,050,000	961,428	9,490,631	-	-	-
2038-2040	3,125,000	165,450	4,513,794	-	-	-
Total	<u>\$ 39,977,906</u>	<u>\$ 11,298,152</u>	<u>\$ 51,276,058</u>	<u>\$ 221,549</u>	<u>\$ 19,931</u>	<u>\$ 241,480</u>

Year Ending June 30	Total		
	Principal	Interest	Total
2023	\$ 2,042,785	\$ 2,485,254	\$ 4,528,039
2024	3,185,992	1,417,650	4,603,642
2025	3,492,139	1,283,190	4,775,329
2026	3,818,317	1,131,850	4,950,167
2027	4,164,531	963,997	5,128,528
2028-2032	13,320,691	2,909,264	16,229,955
2033-2037	7,050,000	961,428	8,011,428
2038-2040	3,125,000	165,450	3,290,450
Total	<u>\$ 40,199,455</u>	<u>\$ 11,318,083</u>	<u>\$ 51,517,538</u>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
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**I. Constraints on Fund Balances**

Constraints on fund balances reported on the balance sheet are as follows:

	General Fund	Grants and Student Body Fund	Debt Service Fund	Capital Projects Fund	Food Service Fund	Trust and Agency Fund	Total Governmental Funds
Fund balances:							
Nonspendable:							
Food inventory	\$ -	\$ -	\$ -	\$ -	\$ 28,365	\$ -	\$ 28,365
Restricted for:							
Debt service	-	-	1,803,315	-	-	-	1,803,315
Energy efficient improvements Facility	-	-	-	144,510	-	-	144,510
improvements	-	-	-	1,426,575	-	-	1,426,575
Student activities	-	498,435	-	-	-	-	498,435
School nutrition	-	-	-	-	273,541	-	273,541
Scholarship funds	-	-	-	-	-	14,020	14,020
Grant projects	-	475,459	-	-	-	-	475,459
Committed for:							
Vehicle replacement	-	-	-	43,602	-	-	43,602
Equipment additions	-	-	-	2,205,684	-	-	2,205,684
Board projects	-	776,791	-	-	-	-	776,791
Assigned to:							
Textbook needs	-	515,000	-	-	-	-	515,000
Technology needs	-	12,089	-	-	-	-	12,089
Athletics capital projects	-	-	-	98,393	-	-	98,393
Unassigned	<u>4,857,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,857,912</u>
Total fund balances	<u>\$ 4,857,912</u>	<u>\$ 2,277,774</u>	<u>\$ 1,803,315</u>	<u>\$ 3,918,764</u>	<u>\$ 301,906</u>	<u>\$ 14,020</u>	<u>\$ 13,173,691</u>

**III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

The District expended funds in excess of appropriations as follows:

Fund	Function	Appropriations	Expenditures	Excess
General	Debt Service	\$ 119,720	\$ 1,694,322	\$ 1,574,602
Food Service	Enterprise and Community Services	\$ 1,300,000	\$ 1,308,126	\$ 8,126
Capital Projects	Debt Service	\$ 33,500	\$ 172,160	\$ 138,660

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
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**IV. OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. In addition, the District maintains an Insurance Fund for the payment of future unemployment claims. No liability for unpaid unemployment claims has been recorded, as management is unable to reasonably estimate the amount or timing of future claims.

**B. Retirement Plans**

**1. Oregon Public Employees Retirement System**

*General Information about the Pension Plan*

The Oregon Public Employees Retirement System (OPERS) consists of a cost-sharing, multiple-employer defined benefit plan (Plan) for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2021, there were 941 participating employers.

*Plan Membership*

As of June 30, 2021, there were 13,991 active plan members, 129,357 retired plan members or their beneficiaries currently receiving benefits, 9,103 inactive plan members entitled to but not yet receiving benefits, for a total of 152,451 Tier One members. For Tier Two members, as of June 30, 2021, there were 29,322 active plan members, 18,832 retired plan members or their beneficiaries currently receiving benefits, 13,498 inactive plan members entitled to but not yet receiving benefits, for a total of 61,652.

As of June 30, 2021, there were 136,785 active plan members, 8,311 retired plan members or their beneficiaries currently receiving benefits, 7,520 inactive plan members entitled to but not yet receiving benefits, and 18,263 inactive plan members not eligible for refund or retirements, for a total of 170,879 OPSRP Pension Program members.

*Plan Benefits*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and Internal Revenue Code Section 401(a).

**Tier One/Tier Two Retirement Benefit (Chapter 238)** - OPERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living-adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. This defined benefit pension plan is closed to new members hired on or after August 29, 2003.

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*Pension Benefits*

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options that are actuarially equivalent to the base benefit. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. Police and Fire members may purchase increased benefits that are payable between the date of retirement and age 65.

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- Member was employed by a PERS employer at the time of death,
- Member died within 120 days after termination of PERS-covered employment,
- Member died as a result of injury sustained while employed in a PERS-covered job, or
- Member was on an official leave of absence from a PERS-covered job at the time of death.

*Disability Benefits*

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit.

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A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for a either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining monthly benefit.

*Benefit Changes after Retirement*

Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations caused by changes in the fair value of the underlying global equity investments of that account.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

**OPSRP Defined Benefit Pension Program (OPSRP DB)** – This Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

*Pension Benefits*

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire – 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General Service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

*Death Benefits*

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

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*Disability Benefits*

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

*Benefit Changes After Retirement*

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA in fiscal year 2015 and beyond will vary based on the amount of the annual benefit, in accordance with *Moro* decision. The COLA is capped at 2.0 percent.

**OPSRP Individual Account Program (OPSRP IAP)** - Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS and is administered by the OPERS Board.

*Pension Benefits*

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP Individual Account Program (IAP), may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

*Death Benefits*

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

*Contributions*

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS Defined Benefit Plan and the Other Postemployment Benefit Plans.

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Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation, which became effective July 1, 2020. The State of Oregon and certain schools, community colleges, and political subdivisions have made unfunded actuarial liability payments, and their rates have been reduced.

Member contributions are set by statute at six percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members' behalf. As permitted, the District has opted to pick-up the contributions on behalf of its employees.

Employer contributions for the year ended June 30, 2022 were \$1,046,283.

Annual Comprehensive Financial Report (ACFR)

Additional disclosures related to Oregon PERS not applicable to specific employers are available by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700, or can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Actuarial Valuations

The employer contribution rates effective July 1, 2019, through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021

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Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Cost of living adjustment (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<p><b>Health retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018. There were no differences between the assumptions and plan provisions used for June 30, 2021 measurement date calculations compared to those shown above.

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*Actuarial Methods and Assumptions*

Assets are valued at their market value. Gains and losses between odd-year valuations are amortized as a level percentage of combined valuation payroll over 20 years from the odd-year valuation in which they are first recognized.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Oregon PERS and additions to/deductions from Oregon PERS' fiduciary net position have been determined on the same basis as they are reported by Oregon PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Depletion Date Projection*

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.

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- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

OIC Target and Actual Investment Allocation as of June 30, 2021

<u>Asset Class/Strategy</u>	<u>OIC Policy Low Range</u>	<u>OIC Policy High Range</u>	<u>OIC Target Allocation</u>	<u>Actual Allocation<sup>2</sup></u>
Debt Securities	15.0%	25.0%	20.0%	20.8%
Public Equity	27.5%	37.5%	32.5%	29.4%
Real Estate	9.5%	15.5%	12.5%	10.5%
Private Equity	14.0%	21.0%	17.5%	25.1%
Alternatives Portfolio	7.5%	17.5%	15.0%	9.5%

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Opportunity Portfolio <sup>1</sup>	0.0%	5.0%	0.0%	2.3%
Risk Parity	0.0%	2.5%	2.5%	2.4%
Total			100.0%	100.0%

<sup>1</sup>Opportunity Portfolio is an investment strategy, and it may be invested up to 5% of total Fund assets.

<sup>2</sup> Based on the actual investment value at 6/30/2021.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2022, the District reported a liability of \$9,582,296 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the District's proportion was 0.08007615%. For the year ended June 30, 2021, the District recognized pension expense of \$580,322.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 896,966	\$ -
Changes in assumptions	2,398,737	25,218
Net difference between projected and actual earnings on investments	-	7,093,700
Changes in proportionate share	676,710	1,340,836
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	1,805,408
Total (prior to post-MD contributions)	3,972,413	10,265,162
Contributions after measurement date	14,865,989	-
Total deferred outflows/(inflows)	\$ 18,838,402	\$ 10,265,162

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Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2021 measurement period is 5.4 years. Amounts reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
1st Fiscal Year	\$ (1,457,246)
2nd Fiscal Year	\$ (1,474,373)
3rd Fiscal Year	\$ (1,448,768)
4th Fiscal Year	\$ (2,017,743)
5th Fiscal Year	\$ 105,381

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a higher discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

District’s proportionate share of the net pension liability (asset):

1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
\$ 18,817,338	\$ 9,582,296	\$ 1,855,919

*Changes Subsequent to the Measurement Date*

On July 15, 2021, Portland Public Schools issued pension obligation bonds resulting in a lump-sum deposit to a new side account with PERS totaling \$398,665,572.

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On August 13, 2021, 22 school district employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts with PERS totaling \$654,583,738. On August 31, 2021, five community college employers issued pension obligation bonds resulting in lump-sum deposits to new side accounts totaling \$212,080,721. On September 28, 2021, one school district employer issued pension obligation bonds resulting in a lumpsum deposit to a new side account totaling \$73,908,669.

On July 23, 2021, the PERS Board voted to set the assumed rate of return to 6.9 percent, down from 7.2 percent. The PERS Board reviews the assumed rate in odd-numbered years as part of the board's adoption of actuarial methods and assumptions. The rate was then adopted in an administrative rule at the PERS Board's October 1, 2021, meeting. The new assumed rate will be reflected in the December 31, 2021 actuarial valuation for funding, and decreases in the assumed rate typically increase the system's unfunded actuarial liability as well as employer contribution rates. The new assumed rate was applied by the actuaries to the Net Pension Liability and Net OPEB Liability as of June 30, 2021.

**C. Other Post-Employment Benefits (GASB 75) RHIA - Oregon PERS Plan**

**1. Oregon Public Employees Retirement System (PERS) Retirement Health Insurance Account (RHIA) Other Post-Employment Benefit (OPEB) Plan (the Plan)**

*General Information about the OPEB Plan*

The Oregon PERS RHIA consists of a single cost-sharing multiple-employer defined benefit OPEB plan for units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the Plan. As of June 30, 2021, there were 811 participating employers.

*Plan Benefits - PERS RHIA (Chapter 238)*

Plan benefits of the System are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A, and the Internal Revenue Code Section 401(a).

*OPEB Membership*

RHIA was established by ORS 238.420 and authorizes a payment of up to \$60 from RHIA toward the monthly costs of health insurance. The Plan is closed to new members hired on or after August 29, 2003. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (C) enroll in a PERS-sponsored health plan.

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As of June 30, 2021, the inactive RHIA plan participants currently receiving benefits totaled 42,857, and there were 43,108 active and 12,734 inactive members who meet the requirements to receive RHIA benefits when they retire.

Basis of Accounting

Contributions for employers are recognized on the accrual basis of accounting. Employer contributions to PERS are calculated based on creditable compensation for active members reported by employers. Employer contributions are accrued when due pursuant to legal requirements. These are amounts normally included in the employer statements cut off as of the fifth of the following month. The schedules of OPEB amounts by Employer does not reflect deferred outflows of resources related to contributions made by employers after the measurement date. Consistent with GASB Statement No. 75, paragraph 59(a), employer proportions are determined as a measure of the proportionate relationship of the employer to all employers consistent with the manner in which contributions to the OPEB plan are determined.

Contributions

Employer contributions for the year ended June 30, 2022 were \$2,042.

OPEB RHIA Plan Annual Comprehensive Financial Report (ACFR)

All assumptions, methods, and plan provisions used in these calculations are described in the Oregon PERS RHIA Cost-Sharing Multiple-Employer OPEB Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the year ended June 30, 2021. That independently audited report was dated February 25, 2022 and can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

Proportionate Share Allocation Methodology

The basis for the employer's proportion is determined by comparing the employer's actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. If the employer did not make contributions during the fiscal year, their proportionate share will be set to zero and the employer will be allocated no proportionate share of the OPEB amounts.

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2019
Measurement Date	June 30, 2021

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Experience Study	2018, published July 24, 2019
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Inflation Rate	2.40 percent
Long-term Expected Rate of Return	6.90 percent
Discount Rate	6.90 percent
Projected Salary Increases	3.40 percent
Retiree healthcare participation	Healthy retirees: 32%; disabled retirees: 20%
Mortality	<p><b>Health retirees and beneficiaries:</b> Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p><b>Disabled retirees:</b> Pub-2010 Disabled Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are on the 2018 Experience Study, which reviewed experience for the four-year period ended December 31, 2018.

There were no differences between the assumptions and plan provisions used for June 30, 2021 measurement date calculations compared to those shown above, except as follows:

- The H.R. 1865 Further Consolidated Appropriations Act, which was signed into law on December 20, 2019, repealed the Cadillac tax on high-cost health plans. The RHIPA Total OPEB asset as of the June 30, 2020 measurement date shown reflects the repeal of the Cadillac tax.

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Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021 was 6.90. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments for the RHIA was applied to all periods of projected benefit payments to determine the total OPEB liability.

Long-Term Expected Rate of Return

For GASB 74 and GASB 75, the long-term expected rate of return assumption is generally not required to be updated between a) the assumption used to develop liabilities at the actuarial valuation date and b) the roll-forward measurement date at which GASB liability are reported unless there is an indication that the assumption used on the actuarial valuation date is no longer supportable as of the GASB measurement date. The long-term expected rate of return used in the December 31, 2019 actuarial valuation for funding purposes was 7.20%.

After a public review process that commenced prior to June 30, 2021 and was based on capital market outlook models developed prior to that date, the PERS Board selected a lower long-term expected rate of investment return assumption of 6.90% on July 23, 2021 to be used in the December 31, 2020 and December 31, 2021 actuarial valuations for funding purposes. At the same time, the PERS Board reduced the inflation and payroll growth assumptions to 2.40% and 3.40%, respectively.

We understand PERS has chosen to reflect these updated economic assumptions for the calculation of June 30, 2021 measurement date GASB liabilities. As such, the June 30, 2021 Total OPEB Liability reflects a long-term expected rate of return of 6.90%, an inflation assumption of 2.40%, and a payroll growth assumption of 3.40%.

For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2021-ACFR.pdf>

*Depletion Date Projection*

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method).

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**Stayton, Oregon**

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The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses.

A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPEB Plan:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

There remains substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs in the near and longer term. For example, health care expenditures unrelated to COVID-19 have decreased substantially since stay-at-home orders have been in place on account of physician practices closing for most visits and nonemergency surgeries being postponed. Some services will be postponed until a later date while others may never occur, and the drop in utilization for services unrelated to COVID-19 may offset potential increases in health costs related to COVID-19. Therefore, we have deferred making an adjustment to expected plan costs until more information is known. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

*OPEB Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2022, the District reported an asset of \$317,487 for its proportionate share of the OPEB asset. The OPEB asset was measured at June 30, 2021, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date.

The District's proportion of the net OPEB asset was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2019 the District's proportion was 0.09245396%. For the year ended June 30, 2022, the District recognized OPEB credit of \$29,911.

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (8,843)
Changes of assumptions	6,247	(4,723)
Net difference between projected and actual earnings on investment	-	(75,452)
Changes in proportionate share	<u>94,585</u>	<u>(30,458)</u>
Total (prior to post-MD contributions)	100,832	(119,476)
Contributions subsequent to the MD	<u>2,042</u>	<u>-</u>
Total Deferred Outflow/(Inflow) of Resources	<u>\$ 102,874</u>	<u>\$ (119,476)</u>

Differences between expected and actual experience, changes in assumptions, and changes in employer proportion are amortized over the average remaining service lives of all plan participants, including retirees, determined as of the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service life determined as of the beginning of the June 30, 2021 measurement period is 2.7 years.

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2022.

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June 30, 2022

Other amounts reported by the District as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources
1st Fiscal Year	\$ (1,302)
2nd Fiscal Year	23,718
3rd Fiscal Year	(17,226)
4th Fiscal Year	(23,834)
5th Fiscal Year	-

*Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.90 percent, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a higher discount rate that is 1-percentage-point lower (5.90 percent) or 1-percentage-point higher (7.90 percent) than the current rate.

District's proportionate share of the net OPEB (asset) liability:

1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
\$ (280,771)	\$ (317,487)	\$ (348,852)

*Changes Subsequent to the Measurement Date*

We are not aware of any changes subsequent to the June 30, 2021 measurement date that meet the requirement requiring a brief description under the GASB standard.

**D. Other Post-Employment Benefits (GASB 75) - District Medical Benefit Plan**

**1. Other Post-Employment Benefit (OPEB) District Medical Benefit Plan (the Plan)**

*General Information about the OPEB Plan*

Name of OPEB Plan

The District Medical Benefit Plan consists of a single-employer retiree benefit plan that provides post-employment health, dental, vision, and life insurance benefits to eligible employees and their dependents.

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June 30, 2022

Description of Benefit Terms

*Plan Benefits – Implicit Medical Benefit*

Plan benefits are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapter 243. ORS stipulated that for the purpose of establishing health care premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contributions.

The calculated OPEB liability is derived using the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members at that point.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OEB plan reflect a long-term perspective.

*Medical Benefit Membership and Eligibility*

Benefits and eligibility for members are established through the collective bargaining agreements. All classes of employee are eligible to continue coverage upon retirement. Qualified spouses, domestic partners, and children may qualify for coverage.

*Medical Benefit Duration and Amount*

Coverage for retirees and eligible dependents continues until Medicare eligibility for each individual (or until dependent children become ineligible).

*Participant Statistics*

As of June 30, 2022, there were 254 active members, 10 retired participants, and 3 spouses of ineligible retirees in the Medical Benefit plan. The average age of participants is 44.5 and 60.9, respectively. The District did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the District on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

Actuarial Methods and Assumptions:

The District engaged an actuary to perform an evaluation as of July 1, 2021 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	July 1, 2021
Measurement Dates/Fiscal Year Ends	June 30, 2020 through June 30, 2022
<i>Actuarial Assumptions:</i>	
Actuarial Cost Method	Entry age normal
Interest Discount	2.16 percent discount rate assumption
General Inflation	2.40 percent per year
Salary Scale	3.40 percent per year

Election and lapse rates: 50% of eligible employees – 60% of male members and 35% of female members will elect spouse coverage; 5% annual lapse rate.

Expected healthcare costs were developed using a composite of the premiums due for retirees members electing coverage as of July 1, 2019.

Milliman’s Health Cost Guidelines were used to allocate costs by age and gender. Retirees’ costs include a load for expected health status of retirees relative to active employees and spouses.

For the period July 1, 2021 through June 30, 2022, current medical premiums due for retirees and their spouses were modeled using an average monthly premium of \$529 per retiree per month, and \$598 per spouse per month. Dental and vision premiums were modeled using average monthly premiums of \$73 per retiree and \$74 per spouse.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Table for males and females, as appropriate.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service. Disability rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by employee age.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

*Changes in Medical Benefit OPEB Liability*

Total OPEB Liability at June 30, 2021	\$	1,227,317
Changes for the year:		
Service cost		131,783
Interest		29,252
Effect of economic/demographic gains or losses		45,079
Change in assumptions		(51,481)
Benefit payments		<u>(71,369)</u>
Net changes		<u>83,264</u>
Total OPEB Liability at June 30, 2022	\$	<u><u>1,310,581</u></u>

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in subsequent years as follows:

Employer subsequent fiscal years:	Deferred Outflow/(Inflow) of Resources (prior to post- measurement date contributions)
1st Fiscal Year	\$ (2,626)
2nd Fiscal Year	\$ (2,626)
3rd Fiscal Year	\$ (490)
4th Fiscal Year	\$ 5,373
5th Fiscal Year	\$ 7,415
Thereafter	\$ 11,547

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 40,125	\$ (36,380)
Changes in assumptions	90,701	(75,853)
Benefit payments	<u>79,599</u>	<u>-</u>
Total (prior to post-MD contributions)	<u><u>\$ 210,425</u></u>	<u><u>\$ (112,233)</u></u>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

*Sensitivity of the Net OPEB Liability to Changes in Discount and Trend Rates*

The following presents the net OPEB liability, calculated using the discount rate of 3.58%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	\$ 1,407,816	\$ 1,310,581	\$ 1,219,115

The following presents the net OPEB liability, calculated using the trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 1,168,770	\$ 1,310,581	\$ 1,480,600

**E. New Pronouncements**

For the fiscal year ended June 30, 2022, the District implemented the following new accounting standards:

GASB Statement No. 83, Certain Asset Retirement Obligations – This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset.

GASB Statement No. 87, Leases – This statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases.

GASB Statement No. 92, Omnibus 2020. This statement was issued January 2020 and enhances comparability in accounting and financial reporting to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to leases implementation, derivative instruments, postemployment benefits (pensions and other postemployment benefits), asset retirement obligations, risk pool and fair value measurements.

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NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2022

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statement No. 14 and No. 84, and a supersession of GASB Statement No. 32. The primary objectives are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension/OPEB plans and employee benefit plans other than pension/OPEB plans, as fiduciary component units in fiduciary fund financial statement; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meets the definition of a pension plan and for benefits provided through those plans.

The District will implement applicable new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements for implementing any of the following pronouncements:

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period - The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The statement is effective for fiscal years beginning after December 15, 2021 (as amended by GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*).

**F. Collective Bargaining Agreements**

At June 30, 2022, the District had 370 total staff members, and 263 were covered under their respective collective bargaining agreements.

**G. Subsequent Events**

Management has evaluated subsequent events through December 13, 2022, which was the date that the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
NET PENSION LIABILITY AND DISTRICT CONTRIBUTIONS

**OREGON PERS SYSTEM**

**Schedule of the District's Proportionate Share of the Net Pension Liability**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.08007615%	0.08533631%	0.07994184%	0.09207820%	0.08589820%	0.07654891%	0.06644210%	0.08682672%
District's proportionate share of the net pension liability (asset)	\$ 9,582,296	\$ 18,623,318	\$ 13,828,024	\$ 13,948,634	\$ 11,579,110	\$ 11,491,769	\$ 3,814,747	\$ (1,968,114)
District's covered-employee payroll	\$ 12,196,933	\$ 11,521,147	\$ 11,061,732	\$ 10,970,289	\$ 10,540,042	\$ 10,016,742	\$ 9,908,146	\$ 10,929,821
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79%	162%	125%	127%	110%	115%	39%	-18%
Plan fiduciary net position as a percentage of the total pension liability	88%	76%	80%	82%	83%	81%	92%	104%

**Schedule of District Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,046,283	\$ 1,730,266	\$ 1,383,360	\$ 1,163,634	\$ 1,432,025	\$ 961,141	\$ 1,144,537	\$ 1,144,536
Contributions in relation to the contractually required contribution	<u>(1,046,283)</u>	<u>(1,730,266)</u>	<u>(1,383,360)</u>	<u>(1,163,634)</u>	<u>(1,432,025)</u>	<u>(961,141)</u>	<u>(1,144,537)</u>	<u>(1,144,536)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
District's covered-employee payroll	\$ 12,456,700	\$ 10,237,217	\$ 11,875,321	\$ 11,798,967	\$ 11,109,850	\$ 11,246,040	\$ 11,047,405	\$ 10,646,410
Contributions as a percentage of covered-employee payroll	8%	17%	12%	10%	13%	9%	10%	11%

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE  
OTHER POST EMPLOYMENT BENEFITS AND DISTRICT CONTRIBUTIONS

**OREGON PERS SYSTEM RHIA**

**Schedule of the District's Proportionate Share of the Other Post Employment Benefits**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the OPEB liability (asset)	0.09245396%	0.16956734%	0.10648567%	0.10738364%	0.10765401%	0.11266617%
District's proportionate share of the OPEB liability (asset)	\$ (317,487)	\$ (345,511)	\$ (205,769)	\$ (119,869)	\$ (44,928)	\$ 30,596
District's covered-employee payroll	\$ 12,196,933	\$ 11,521,147	\$ 11,061,732	\$ 10,970,289	\$ 10,540,042	\$ 10,016,742
District's proportionate share of the OPEB liability (asset) as a percentage of its covered-employee payroll	-2.60%	-3.00%	-1.86%	-1.09%	-0.43%	0.31%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	183.90%	150.07%	144.40%	123.99%	108.88%	94.15%

**Schedule of District Contributions**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 2,042	\$ 2,474	\$ 59,377	\$ 58,995	\$ 55,549	\$ 56,230
Contributions in relation to the contractually required contribution	<u>(2,042)</u>	<u>(2,474)</u>	<u>(59,377)</u>	<u>(58,995)</u>	<u>(55,549)</u>	<u>(56,230)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 12,456,700	\$ 10,237,217	\$ 11,875,317	\$ 11,798,967	\$ 11,109,850	\$ 11,246,040
Contributions as a percentage of covered-employee payroll	0.02%	0.02%	0.50%	0.50%	0.50%	0.50%

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)  
LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

**DISTRICT MEDICAL BENEFIT PLAN**

Schedule of Changes	2022	2021	2020	2019	2018
<b>Total Medical Benefit Pension Liability - beginning</b>	<u>\$ 1,227,317</u>	<u>\$ 1,091,728</u>	<u>\$ 1,061,626</u>	<u>\$ 1,059,068</u>	<u>\$ 1,106,672</u>
Changes for the year:					
Service Cost	\$ 131,783	\$ 113,136	\$ 103,713	\$ 102,381	\$ 106,761
Interest	29,252	40,431	43,116	39,506	32,712
Effect of economic/demographic gains or losses	45,079	-	(56,222)	-	-
Change in assumptions	(51,481)	82,278	42,939	(22,447)	(54,872)
Benefit Payments	<u>(71,369)</u>	<u>(100,256)</u>	<u>(103,444)</u>	<u>(116,882)</u>	<u>(132,205)</u>
Net changes for the year	<u>83,264</u>	<u>135,589</u>	<u>30,102</u>	<u>2,558</u>	<u>(47,604)</u>
<b>Total Medical Benefit Pension Liability - ending</b>	<u>\$ 1,310,581</u>	<u>\$ 1,227,317</u>	<u>\$ 1,091,728</u>	<u>\$ 1,061,626</u>	<u>\$ 1,059,068</u>
District's covered-employee payroll	\$ 12,456,700	\$ 10,237,217	\$ 11,875,317	\$ 11,798,967	\$ 11,109,850
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	10.52%	11.99%	9.19%	9.00%	9.53%

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Local revenue	\$ 6,995,500	\$ 283,349	\$ 7,278,849
Intermediate revenue	655,000	53,719	708,719
State revenue	15,870,350	212,711	16,083,061
Federal revenue	10,000	(10,000)	-
Total revenues	23,530,850	539,779	24,070,629
<b>EXPENDITURES</b>			
Current			
Instruction	14,862,331	(1,785,694)	13,076,637
Support services	9,588,099	(739,294)	8,848,805
Community services	10,700	(3,950)	6,750
Debt service	119,720	1,574,602	1,694,322
Contingency	800,000	(800,000)	-
Total expenditures	25,380,850	(1,754,336)	23,626,514
Excess (deficiency) of revenues over (under) expenditures	(1,850,000)	2,294,115	444,115
<b>OTHER FINANCING SOURCES (USES)</b>			
Bond proceeds	14,744,334	645,666	15,390,000
Lump sum payment to PERS	(14,744,334)	(177,225)	(14,567,109)
Transfers out	(50,000)	-	(50,000)
Total other financing sources (uses)	(50,000)	468,441	772,891
Net change in fund balance	(1,900,000)	3,117,006	1,217,006
Fund balance - beginning	2,400,000	1,240,906	3,640,906
Fund balance - ending	\$ 500,000	\$ 4,357,912	\$ 4,857,912

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

GRANTS AND STUDENT BODY FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual		GAAP Basis
			Budget Basis	Adjustments	
<b>REVENUES</b>					
Local revenue	\$ 565,700	\$ (223,275)	\$ 342,425	\$ -	\$ 342,425
Intermediate revenue	471,300	(359,193)	112,107	-	112,107
State revenue	3,405,758	(231,330)	3,174,428	-	3,174,428
Federal revenue	4,086,218	(766,116)	3,320,102	-	3,320,102
Total revenues	<u>8,528,976</u>	<u>(1,579,914)</u>	<u>6,949,062</u>	<u>-</u>	<u>6,949,062</u>
<b>EXPENDITURES</b>					
Current					
Instruction	5,004,581	(1,954,004)	3,050,577	101,249	3,151,826
Support services	4,842,453	(1,114,740)	3,727,713	-	3,727,713
Community services	91,746	(28,564)	63,182	-	63,182
Contingency	776,791	(776,791)	-	-	-
Total expenditures	<u>10,715,571</u>	<u>(3,874,099)</u>	<u>6,841,472</u>	<u>101,249</u>	<u>6,942,721</u>
Excess (deficiency) of revenues over (under) expenditures	(2,186,595)	2,294,185	107,590	(101,249)	6,341
<b>OTHER FINANCING</b>					
<b>SOURCES (USES)</b>					
Transfers out	<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>	<u>-</u>	<u>(130,000)</u>
Net change in fund balance	(2,316,595)	2,294,185	(22,410)	(101,249)	(123,659)
Fund balance - beginning	<u>2,316,595</u>	<u>(16,411)</u>	<u>2,300,184</u>	<u>101,249</u>	<u>2,401,433</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 2,277,774</u>	<u>\$ 2,277,774</u>	<u>\$ -</u>	<u>\$ 2,277,774</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

FOOD SERVICE FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Local revenue	\$ 31,200	\$ 67,962	\$ 99,162
State revenue	15,000	(5,603)	9,397
Federal revenue	1,210,000	175,833	1,385,833
Total revenues	1,256,200	238,192	1,494,392
<b>EXPENSES</b>			
Enterprise and community services	1,300,000	8,126	1,308,126
Excess (deficiency) of revenues over (under) expenses	(43,800)	230,066	186,266
Fund balance - beginning	43,800	71,840	115,640
Fund balance - ending	\$ -	\$ 301,906	\$ 301,906

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

TRUST AND AGENCY FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Local revenue	\$ 12,500	\$ (10,300)	\$ 2,200
<b>EXPENSES</b>			
Current			
Support services	30,124	(22,417)	7,707
Excess (deficiency) of revenues over (under) expenses	(17,624)	12,117	(5,507)
Net position - beginning	17,624	1,903	19,527
Net position - ending	\$ -	\$ 14,020	\$ 14,020

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Local revenue	\$ 4,200,664	\$ (33,519)	\$ 4,167,145
<b>EXPENDITURES</b>			
Debt service	4,300,664	(172,615)	4,128,049
Contingency	1,400,000	(1,400,000)	-
Total expenditures	5,700,664	(1,572,615)	4,128,049
Excess (deficiency) of revenues over (under) expenditures	(1,500,000)	1,539,096	39,096
Fund balance - beginning	1,500,000	264,219	1,764,219
Fund balance - ending	\$ -	\$ 1,803,315	\$ 1,803,315

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL

CAPITAL PROJECTS FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Local revenue	\$ 233,340	\$ 297,280	\$ 530,620
Intermediate revenue	-	30,000	30,000
	233,340	327,280	560,620
<b>EXPENDITURES</b>			
Current			
Support services	173,343	(173,343)	-
Facilities acquisition and construction	2,855,944	(2,625,500)	230,444
Debt service	33,500	138,660	172,160
Contingency	300,000	(300,000)	-
	3,362,787	(2,960,183)	402,604
Excess (deficiency) of revenues over (under) expenditures	(3,129,447)	3,287,463	158,016
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	180,000	-	180,000
Net change in fund balance	(2,949,447)	3,287,463	338,016
Fund balance - beginning	2,949,447	631,301	3,580,748
Fund balance - ending	\$ -	\$ 3,918,764	\$ 3,918,764

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -  
 BUDGET AND ACTUAL

INSURANCE FUND

For the Year Ended June 30, 2022

	Original and Final Budget	Variance with Final Budget Over (Under)	Actual Budget Basis
<b>REVENUES</b>			
Local revenue	\$ 50,000	\$ (23,213)	\$ 26,787
<b>EXPENSES</b>			
Current			
Support services	150,000	(142,220)	7,780
Contingency	220,000	(220,000)	-
Total expenditures	370,000	(362,220)	7,780
Excess (deficiency) of revenues over (under) expenses	(320,000)	339,007	19,007
Net position - beginning	320,000	(13,473)	306,527
Net position - ending	\$ -	\$ 325,534	\$ 325,534

## **OTHER FINANCIAL SCHEDULES**

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**

**Stayton, Oregon**

**REVENUE SUMMARY - ALL FUNDS**

For the Year Ended June 30, 2022

**Revenue from Local Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 600</b>	<b>Fund 700</b>
1110 Ad Valorem Taxes Levied by District	\$ 6,856,458.14	\$ -	\$ 1,636,954.13	\$ -	\$ -	\$ -
1130 Construction Excise Tax	-	-	-	301,443.46	-	-
1200 Revenue from Local Gov't Other than Districts	1,567.76	-	-	-	-	-
1500 Earnings on Investments	114,211.98	-	10,734.54	90,034.06	-	-
1600 Food Service	-	2,637.42	-	-	-	-
1700 Extracurricular Activities	6,325.77	218,398.00	-	-	-	-
1910 Rentals	1,234.00	-	-	-	-	-
1920 Contributions and Donations from Private Sources	-	5,000.00	-	-	-	2,199.76
1940 Services Provided Other Local Education Agencies	-	87,328.58	-	-	-	-
1960 Recovery of Prior Years' Expenditures	3,618.57	-	-	-	-	-
1970 Services Provided to Other Funds	-	-	2,519,455.18	-	26,786.86	-
1980 Fees Charged to Grants	267,416.21	-	-	-	-	-
1990 Miscellaneous	28,011.08	128,220.35	-	139,142.04	-	-
<b>Total Revenue from Local Sources</b>	<b>\$ 7,278,843.51</b>	<b>\$ 441,584.35</b>	<b>\$ 4,167,143.85</b>	<b>\$ 530,619.56</b>	<b>\$ 26,786.86</b>	<b>\$ 2,199.76</b>

**Revenue from Intermediate Sources**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 600</b>	<b>Fund 700</b>
2101 County School Funds	\$ 95,137.81	\$ -	\$ -	\$ -	\$ -	\$ -
2102 ESD Apportionment	600,000.00	-	-	-	-	-
2199 Other Intermediate Sources	-	75,174.26	-	-	-	-
2200 Restricted Revenue	-	36,933.38	-	30,000.00	-	-
2800 Heavy Equipment Rental Tax	13,580.62	-	-	-	-	-
<b>Total Revenue from Intermediate Sources</b>	<b>\$ 708,718.43</b>	<b>\$ 112,107.64</b>	<b>\$ -</b>	<b>\$ 30,000.00</b>	<b>\$ -</b>	<b>\$ -</b>

(continued)

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**

**Stayton, Oregon**

**REVENUE SUMMARY - ALL FUNDS**

For the Year Ended June 30, 2022

(continued)

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 600</b>	<b>Fund 700</b>
<b>Revenue from State Sources</b>						
3101 State School Fund - General Support	\$ 13,978,671.20	\$ -	\$ -	\$ -	\$ -	\$ -
3102 State School Fund - School Lunch Match	-	9,397.18	-	-	-	-
3103 Common School Fund	241,057.46	-	-	-	-	-
3104 State Managed County Timber	1,708,582.68	-	-	-	-	-
3107 State High Cost Disability Grant	154,750.19	-	-	-	-	-
3299 Other Restricted Grants-in-Aid	-	3,174,428.26	-	-	-	-
<b>Total Revenue from State Sources</b>	<b>\$ 16,083,061.53</b>	<b>\$ 3,183,825.44</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenue from Federal Sources</b>						
4500 Restricted Revenue From the Federal Government Through the State	\$ -	\$ 4,616,357.75	\$ -	\$ -	\$ -	\$ -
4900 Revenue for/on Behalf of the District	-	89,577.32	-	-	-	-
<b>Total Revenue from Federal Sources</b>	<b>\$ -</b>	<b>\$ 4,705,935.07</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Revenue from Other Sources</b>						
5100 Bond Proceeds	\$ 15,390,000.02	\$ -	\$ -	\$ -	\$ -	\$ -
5200 Interfund Transfers	-	-	-	180,000.00	-	-
5400 Resources - Beginning Fund Balance	3,640,908.93	2,415,823.86	1,764,219.13	3,580,748.24	306,527.54	19,526.88
<b>Total Revenue from Other Sources</b>	<b>\$ 19,030,908.95</b>	<b>\$ 2,415,823.86</b>	<b>\$ 1,764,219.13</b>	<b>\$ 3,760,748.24</b>	<b>\$ 306,527.54</b>	<b>\$ 19,526.88</b>
<b>Grand Totals</b>	<b>\$ 43,101,532.42</b>	<b>\$ 10,859,276.36</b>	<b>\$ 5,931,362.98</b>	<b>\$ 4,321,367.80</b>	<b>\$ 333,314.40</b>	<b>\$ 21,726.64</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**

**Stayton, Oregon**

**EXPENDITURE SUMMARY - GENERAL FUND**

For the Year Ended June 30, 2022

**Instruction Expenditures**

1111 Elementary, K-5 or K-6
1120 Tutors AVID
1121 Middle/Junior High Programs
1122 Middle/Junior High School Extracurricular
1127 After School Programs
1131 High School Programs
1132 High School Extracurricular
1220 Restrictive Programs for Students with Disabilities
1250 Less Restrictive Programs for Students with Disabilities
1271 Remediation
1272 Title I
1280 Alternative Education
1291 English Language Learner - ORS 336.079

Totals	Object 100	Object 200
\$ 4,022,220.67	\$ 2,645,624.55	\$ 1,201,527.17
5,462.08	-	-
2,421,090.05	1,448,570.21	867,688.33
100,203.68	63,206.70	17,392.02
6,061.62	-	-
2,901,425.90	1,658,109.17	1,067,566.97
549,189.38	365,137.88	104,058.74
1,526,876.92	834,189.62	645,860.63
606,748.34	346,428.91	220,740.47
252,360.05	130,615.93	113,541.80
45,495.57	20,340.79	22,351.51
140,007.16	7,392.76	2,202.11
499,493.99	290,545.04	184,028.70

**Total Instruction Expenditures \$ 13,076,635.41 \$ 7,810,161.56 \$ 4,446,958.45**

**Support Services Expenditures**

2110 Attendance and Social Work Services
2120 Guidance Services
2130 Health Services
2143 Behaviour Support Services
2152 Speech Pathology and Audiology Services
2160 Other Student Treatment Services
2190 Service Direction, Student Support Services
2210 Improvement of Instruction Services
2220 Educational Media Services
2230 Assessment & Testing
2240 Instructional Staff Development
2310 Board of Education Services
2320 Executive Administration Services
2410 Office of the Principal Services
2510 Direction of Business Support Services
2520 Fiscal Services
2540 Operation and Maintenance of Plant Services
2550 Student Transportation Services
2620 Grant Writing
2630 Information Services
2640 Staff Services
2660 Technology Services

Totals	Object 100	Object 200
\$ 105,731.46	\$ 46,963.30	\$ 42,007.13
88,239.62	49,066.98	36,230.83
81,463.61	53,656.85	23,011.95
83,326.72	47,749.68	28,013.29
105,163.74	68,549.53	36,614.21
85,601.58	55,120.75	30,480.83
384,021.25	236,360.02	139,093.16
157,856.25	88,026.58	36,277.95
263,772.66	141,655.69	97,120.73
110,071.99	65,176.45	44,895.54
12,732.14	1,765.23	671.61
63,701.58	-	-
345,061.79	231,677.11	98,078.35
1,891,470.71	1,144,402.39	685,809.67
181,606.22	116,500.00	60,016.26
522,259.57	142,301.23	92,974.93
2,413,007.53	717,115.43	517,744.67
940,609.26	-	-
20,250.00	-	-
64,248.26	35,979.20	27,906.43
398,197.37	188,297.88	179,415.53
530,406.81	131,256.62	74,414.68

**Total Support Services Expenditures \$ 8,848,800.12 \$ 3,561,620.92 \$ 2,250,777.75**

**Enterprise and Community Services Expenditures**

3300 Community Services
-------------------------

Totals	Object 100	Object 200
\$ 6,750.00	\$ -	\$ -

**Total Enterprise and Community Services Expenditures \$ 6,750.00 \$ - \$ -**

**Other Uses Expenditures**

5100 Debt Service
5200 Transfers of Funds
5400 PERS UAL Bond Lump Sum

Totals	Object 100	Object 200
\$ 1,694,322.51	\$ -	\$ -
50,000.00	-	-
14,567,109.00	-	-

**Total Other Uses Expenditures \$ 16,311,431.51 \$ - \$ -**

**Grand Total**

<b>\$ 38,243,617.04</b>	<b>\$ 11,371,782.48</b>	<b>\$ 6,697,736.20</b>
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Object 300	Object 400	Object 500	Object 600	Object 700
\$ 161,820.01	\$ 13,248.94	\$ -	\$ -	\$ -
0.43	5,461.65	-	-	-
92,152.05	12,679.46	-	-	-
4,362.68	15,242.28	-	-	-
6,061.62	-	-	-	-
141,193.23	34,406.53	-	150.00	-
47,856.66	7,736.10	-	24,400.00	-
41,241.54	5,585.13	-	-	-
37,609.24	1,969.72	-	-	-
8,202.32	-	-	-	-
2,803.27	-	-	-	-
126,910.15	3,502.14	-	-	-
19,774.88	5,145.37	-	-	-
<b>\$ 689,988.08</b>	<b>\$ 104,977.32</b>	<b>\$ -</b>	<b>\$ 24,550.00</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 14,420.73	\$ 2,340.30	\$ -	\$ -	\$ -
310.38	2,631.43	-	-	-
1,740.38	1,266.96	-	1,787.47	-
7,563.75	-	-	-	-
-	-	-	-	-
-	-	-	-	-
3,432.02	5,136.05	-	-	-
-	33,551.72	-	-	-
3,121.96	21,874.28	-	-	-
-	-	-	-	-
10,138.43	156.87	-	-	-
44,519.42	9,072.16	-	10,110.00	-
11,131.74	3,350.59	-	824.00	-
49,283.46	11,975.19	-	-	-
3,453.79	1,440.00	-	196.17	-
20,224.61	16,425.91	-	250,332.89	-
856,894.76	88,298.29	227,370.56	5,583.82	-
940,609.26	-	-	-	-
20,250.00	-	-	-	-
362.63	-	-	-	-
17,751.64	3,353.42	-	9,378.90	-
82,038.49	242,697.02	-	-	-
<b>\$ 2,087,247.45</b>	<b>\$ 443,570.19</b>	<b>\$ 227,370.56</b>	<b>\$ 278,213.25</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 6,750.00	\$ -	\$ -	\$ -	\$ -
<b>\$ 6,750.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ 1,694,322.51	\$ -
-	-	-	-	50,000.00
-	-	-	14,567,109.00	-
<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,261,431.51</b>	<b>\$ 50,000.00</b>
<b>\$ 2,783,985.53</b>	<b>\$ 548,547.51</b>	<b>\$ 227,370.56</b>	<b>\$ 16,564,194.76</b>	<b>\$ 50,000.00</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

**EXPENDITURE SUMMARY - SPECIAL REVENUE FUNDS**

For the Year Ended June 30, 2022

<b>Instruction Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
1111 Elementary, K-5 or K-6	\$ 181,707.31	\$ 119,529.64	\$ 40,679.69
1113 Elementary Extracurricular	15,096.79	-	-
1120 AVID tutors	9,009.73	8,297.27	1,007.96
1121 Middle/Junior High Programs	95,236.40	41,811.74	23,496.15
1122 Middle/Junior High School Extracurricular	25,532.88	1,800.00	143.64
1131 High School Programs	73,083.92	7,800.00	2,535.10
1132 High School Extracurricular	158,138.01	-	-
1140 Pre-kindergarten Programs	146,012.93	96,875.09	41,996.68
1220 Restrictive Programs for Students with Disabilities	78,141.19	36,061.93	42,062.70
1250 Less Restrictive Programs for Students with Disabilities	244,241.39	145,665.90	96,806.23
1271 Remediation	97,042.51	56,302.42	40,350.90
1272 Title I	331,511.66	195,120.06	135,243.99
1280 Alternative Education	1,015,656.66	492,659.61	256,728.62
1291 English Language Learner - ORS 336.079	96,108.79	55,269.11	38,943.69
1400 Summer School Programs	484,045.60	192,027.67	63,852.94
<b>Total Instruction Expenditures</b>	<b>\$ 3,050,565.77</b>	<b>\$ 1,449,220.44</b>	<b>\$ 783,848.29</b>
<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
2120 Guidance Services	\$ 386,310.99	\$ 214,321.44	\$ 111,904.95
2130 Health Services	205,187.95	146,685.31	57,641.44
2140 Psychological Services	333,457.63	208,469.95	124,744.80
2160 Other Student Treatment Services	2,296.82	-	-
2190 Service Direction, Student Support Services	16,792.57	10,147.32	5,314.25
2210 Improvement of Instruction Services	599,488.03	6,670.61	2,240.29
2220 Educational Media Services	56,677.20	-	-
2240 Instructional Staff Development	104,220.30	53,487.51	28,250.35
2410 Office of the Principal Services	11,019.47	-	-
2520 Fiscal Services	80,600.00	-	-
2540 Operation and Maintenance of Plant Services	1,402,885.29	-	-
2550 Student Transportation Services	990.27	-	-
2640 Staff Services	277,935.81	209,600.00	68,182.40
2660 Technology Services	249,853.60	-	-
<b>Total Support Services Expenditures</b>	<b>\$ 3,727,715.93</b>	<b>\$ 849,382.14</b>	<b>\$ 398,278.48</b>
<b>Enterprise and Community Services Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
3100 Food Services	\$ 1,318,081.39	\$ 417,739.51	\$ 290,208.07
3300 Community Services	53,233.32	29,905.01	17,641.78
<b>Total Enterprise and Community Services Expenditures</b>	<b>\$ 1,371,314.71</b>	<b>\$ 447,644.52</b>	<b>\$ 307,849.85</b>
<b>Other Uses Expenditures</b>	<b>Totals</b>	<b>Object 100</b>	<b>Object 200</b>
5200 Transfers of Funds	\$ 130,000.00	\$ -	\$ -
<b>Total Facilities Acquisition and Construction</b>	<b>\$ 130,000.00</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Grand Total</b>	<b>\$ 8,279,596.41</b>	<b>\$ 2,746,247.10</b>	<b>\$ 1,489,976.62</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 2,781.07	\$ 18,716.91	\$ -	\$ -	\$ -
-	15,096.79	-	-	-
-	(295.50)	-	-	-
24,187.08	5,741.43	-	-	-
9,130.00	13,959.24	-	500.00	-
17,322.04	32,906.78	12,520.00	-	-
-	158,138.01	-	-	-
941.18	6,199.98	-	-	-
-	16.56	-	-	-
1,769.26	-	-	-	-
389.19	-	-	-	-
1,147.61	-	-	-	-
73,564.77	121,084.19	46,257.86	25,361.61	-
1,510.99	-	-	385.00	-
29,454.22	184,325.50	-	14,385.27	-
<b>\$ 162,197.41</b>	<b>\$ 555,889.89</b>	<b>\$ 58,777.86</b>	<b>\$ 40,631.88</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 54,758.83	\$ 5,325.77	\$ -	\$ -	\$ -
-	861.20	-	-	-
242.88	-	-	-	-
2,296.82	-	-	-	-
-	-	-	1,331.00	-
91,175.74	336,536.71	32,729.77	130,134.91	-
44.67	41,942.53	-	14,690.00	-
8,299.78	13,435.51	-	747.15	-
4,750.00	6,269.47	-	-	-
-	-	-	80,600.00	-
116,467.37	43,883.16	1,183,128.76	59,406.00	-
990.27	-	-	-	-
-	153.41	-	-	-
6,563.17	243,290.43	-	-	-
<b>\$ 285,589.53</b>	<b>\$ 691,698.19</b>	<b>\$ 1,215,858.53</b>	<b>\$ 286,909.06</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ 19,973.09	\$ 579,540.80	\$ 7,017.92	\$ 3,602.00	\$ -
235.35	5,451.18	-	-	-
<b>\$ 20,208.44</b>	<b>\$ 584,991.98</b>	<b>\$ 7,017.92</b>	<b>\$ 3,602.00</b>	<b>\$ -</b>

Object 300	Object 400	Object 500	Object 600	Object 700
\$ -	\$ -	\$ -	\$ -	\$ 130,000.00
\$ -	\$ -	\$ -	\$ -	\$ 130,000.00
<b>\$ 467,995.38</b>	<b>\$ 1,832,580.06</b>	<b>\$ 1,281,654.31</b>	<b>\$ 331,142.94</b>	<b>\$ 130,000.00</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

EXPENDITURE SUMMARY - DEBT SERVICE FUND

For the Year Ended June 30, 2022

	Totals	Object 600
<b>Other Uses Expenditures</b>		
5100 Debt Service	\$ 4,128,047.78	\$ 4,128,047.78
<b>Total Other Uses Expenditures</b>	<b>\$ 4,128,047.78</b>	<b>\$ 4,128,047.78</b>
<b>Grand Total</b>	<b>\$ 4,128,047.78</b>	<b>\$ 4,128,047.78</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUNDS

For the Year Ended June 30, 2022

	Totals	Object 300	Object 500	Object 600
<b>Facilities Acquisition and Construction Expenditures</b>				
4150 Building Acquisition, Construction, and Improvement Services	\$ 216,224.82	\$ 7,770.00	\$ 207,233.42	\$ 1,221.40
4190 Other Facilities Construction Services	\$ 14,218.95	\$ -	\$ 14,218.95	\$ -
<b>Total Facilities Acquisition and Construction Expenditures</b>	<b>\$ 230,443.77</b>	<b>\$ 7,770.00</b>	<b>\$ 221,452.37</b>	<b>\$ 1,221.40</b>
<b>Other Uses Expenditures</b>				
5110 Debt Service	\$ 172,159.65	\$ -	\$ -	\$ 172,159.65
<b>Total Other Uses Expenditures</b>	<b>\$ 172,159.65</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 172,159.65</b>
<b>Grand Total</b>	<b>\$ 402,603.42</b>	<b>\$ 7,770.00</b>	<b>\$ 221,452.37</b>	<b>\$ 173,381.05</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

EXPENDITURE SUMMARY - INTERNAL SERVICE FUND

For the Year Ended June 30, 2022

<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 200</b>
2520 Fiscal Services	\$ 7,779.95	\$ 7,779.95
<b>Total Support Services Expenditures</b>	<b>\$ 7,779.95</b>	<b>\$ 7,779.95</b>
<b>Grand Total</b>	<b>\$ 7,779.95</b>	<b>\$ 7,779.95</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

EXPENDITURE SUMMARY - TRUST AND AGENCY FUND

For the Year Ended June 30, 2022

<b>Support Services Expenditures</b>	<b>Totals</b>	<b>Object 300</b>	<b>Object 400</b>
2520 Fiscal Services	\$ 7,706.76	\$ 7,707.00	\$ (0.24)
<b>Total Support Services Expenditures</b>	<b>\$ 7,706.76</b>	<b>\$ 7,707.00</b>	<b>\$ (0.24)</b>
<b>Grand Total</b>	<b>\$ 7,706.76</b>	<b>\$ 7,707.00</b>	<b>\$ (0.24)</b>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF  
DEBT OUTSTANDING

For the Year Ended June 30, 2022

Fiscal Year	TOTAL ALL REQUIREMENTS			GENERAL OBLIGATION BONDS 2013 Issue		
	Total	Principal	Interest	Total	Principal	Interest
2023	\$ 4,528,039	\$ 2,042,785	\$ 2,485,254	\$ 1,723,588	\$ 1,040,000	\$ 683,588
2024	4,603,642	3,185,992	1,417,650	1,761,988	1,120,000	641,988
2025	4,775,329	3,492,139	1,283,190	1,807,188	1,210,000	597,188
2026	4,950,167	3,818,317	1,131,850	1,853,788	1,305,000	548,788
2027	5,128,528	4,164,531	963,997	1,901,588	1,405,000	496,588
2028	3,938,949	3,160,691	778,258	1,945,388	1,505,000	440,388
2029	2,946,803	2,295,000	651,803	1,996,125	1,615,000	381,125
2030	3,030,595	2,455,000	575,595	2,046,525	1,730,000	316,525
2031	3,113,294	2,620,000	493,294	2,097,325	1,850,000	247,325
2032	3,200,314	2,790,000	410,314	2,148,875	1,970,000	178,875
2033	3,289,736	2,970,000	319,736	2,205,000	2,100,000	105,000
2034	1,120,535	925,000	195,535	-	-	-
2035	1,158,733	985,000	173,733	-	-	-
2036	1,199,531	1,050,000	149,531	-	-	-
2037	1,242,893	1,120,000	122,893	-	-	-
2038	1,285,469	1,195,000	90,469	-	-	-
2039	1,325,874	1,270,000	55,874	-	-	-
2040	679,107	660,000	19,107	-	-	-
<b>TOTALS</b>	<b>\$ 51,517,538</b>	<b>\$ 40,199,455</b>	<b>\$ 11,318,083</b>	<b>\$ 21,487,378</b>	<b>\$ 16,850,000</b>	<b>\$ 4,637,378</b>

(Continued)

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF  
DEBT OUTSTANDING

For the Year Ended June 30, 2022

(Continued)

Fiscal Year	LIMITED TAX PENSION BONDS 2003 Issue			QUALIFIED SCHOOL CONSTRUCTION BONDS 2007		
	Total	Principal	Interest	Total	Principal	Interest
2023	\$ 1,903,100	\$ 412,534	\$ 1,490,566	\$ 71,300	\$ 70,376	\$ 924
2024	1,993,100	1,525,000	468,100	-	-	-
2025	2,092,548	1,710,000	382,548	-	-	-
2026	2,190,420	1,905,000	285,420	-	-	-
2027	2,292,216	2,115,000	177,216	-	-	-
2028	1,062,080	1,004,996	57,084	-	-	-
<b>TOTALS</b>	<u>\$ 11,533,464</u>	<u>\$ 8,672,530</u>	<u>\$ 2,860,934</u>	<u>\$ 71,300</u>	<u>\$ 70,376</u>	<u>\$ 924</u>

(Continued)

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF FUTURE REQUIREMENTS FOR THE RETIREMENT OF  
DEBT OUTSTANDING

For the Year Ended June 30, 2022

(Continued)

Fiscal Year	LIMITED TAX PENSION BONDS 2021 Issue			FULL FAITH AND CREDIT LOAN, SERIES 2017		
	Total	Principal	Interest	Total	Principal	Interest
2023	\$ 783,957	\$ 480,000	\$ 303,957	\$ 46,094	\$ 39,875	\$ 6,219
2024	802,459	500,000	302,459	46,095	40,992	5,103
2025	829,499	530,000	299,499	46,094	42,139	3,955
2026	859,867	565,000	294,867	46,092	43,317	2,775
2027	888,630	600,000	288,630	46,094	44,531	1,563
2028	920,470	640,000	280,470	11,011	10,695	316
2029	950,678	680,000	270,678	-	-	-
2030	984,070	725,000	259,070	-	-	-
2031	1,015,969	770,000	245,969	-	-	-
2032	1,051,439	820,000	231,439	-	-	-
2033	1,084,736	870,000	214,736	-	-	-
2034	1,120,535	925,000	195,535	-	-	-
2035	1,158,733	985,000	173,733	-	-	-
2036	1,199,531	1,050,000	149,531	-	-	-
2037	1,242,893	1,120,000	122,893	-	-	-
2038	1,285,469	1,195,000	90,469	-	-	-
2039	1,325,874	1,270,000	55,874	-	-	-
2040	679,107	660,000	19,107	-	-	-
<b>TOTALS</b>	<u>\$ 18,183,916</u>	<u>\$ 14,385,000</u>	<u>\$ 3,798,916</u>	<u>\$ 241,480</u>	<u>\$ 221,549</u>	<u>\$ 19,931</u>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF CONTINUING DISCLOSURE REQUIREMENTS

GENERAL OBLIGATION REFUNDING BONDS

June 30, 2022

<b>1. PROPERTY VALUATION</b>		Marion County	Linn County	Total
	Real Market Value	\$2,297,731,433	\$689,404,256	\$2,987,135,689
	Taxable Assessed Value	\$1,884,597,101	\$343,473,496	\$2,228,070,597

**2. PROPERTY TAXES**

**A. Representative Levy Rate**

(per \$1,000 of Assessed Value)

	Billing Rate	Bond Levy Rate	Local Option Rate	Consolidated Rate
Marion County	\$4.3973	\$1.1754	\$0.0000	\$5.5727
Linn County	4.3973	1.0215	0.0000	5.4188

**B. Tax Collections**

	General	Debt Service	Total
Property Taxes Levied	\$7,089,624.46	\$1,661,755.37	\$8,751,379.83
Property Taxes Collected	\$6,833,530.35	\$1,636,954.13	\$8,470,484.48

**3. GENERAL OBLIGATION BONDS**

**A. Outstanding Long-Term Debt (See pages 36 through 38.)**

**B. Outstanding General Obligation Bonds See page 73 for detail.)**

	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding as of June 30, 2022
General Obligation Bonds				
GO Bonds, Series 2013	2/6/2013	6/15/2033	22,850,000	16,850,000
Total General Obligation Bonds				\$16,850,000

**4. AVERAGE DAILY MEMBERSHIP (Weighted)**

	2021	2022
<b>Extended ADMw:</b>		
Current Fiscal Year Estimated ADMw	2,419.05	2,387.43
Prior Fiscal Year Estimated ADMw	2,470.95	2,419.05
Extended ADMw (greater of Current or Prior Year)	2,470.95	2,419.05

**5. FINANCIAL FACTORS**

(1) Statement of Net Position	See pages 12-13.						
(2) Statement of Activities	See page 14.						
(3) General Fund Balance Sheet	See page 15.						
(4) General Fund Statement of Revenues, Expenditures and Changes in Fund Balance	See page 17.						
(5) Net unfunded pension UAL	See pages 12-13.						
(6) Pension Contribution Rates	<table border="0" style="width: 100%;"> <tr> <td style="width: 33%; text-align: center;">Tier 1/Tier 2 Payroll</td> <td style="width: 33%; text-align: center;">OPSRP General Payroll</td> <td style="width: 34%; text-align: center;">OPSRP Police and Fire Payroll</td> </tr> <tr> <td style="text-align: center;">9.11%</td> <td style="text-align: center;">6.00%</td> <td style="text-align: center;">10.36%</td> </tr> </table>	Tier 1/Tier 2 Payroll	OPSRP General Payroll	OPSRP Police and Fire Payroll	9.11%	6.00%	10.36%
Tier 1/Tier 2 Payroll	OPSRP General Payroll	OPSRP Police and Fire Payroll					
9.11%	6.00%	10.36%					
(7) Annual Required Contribution	See page 64.						
(8) Net OPEB Obligation	See pages 12-13.						
(9) Actuarial Accrued Liability	See page 66.						
(10) Early Retirement Liability	N/A						

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY  
STATE REGULATIONS**



**INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
North Santiam School District No. 29J  
Stayton, Oregon 97355

We have audited the basic financial statements of North Santiam School District No. 29J as of and for the year ended June 30, 2022 and have issued our report thereon dated December 13, 2022. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

**Compliance**

As part of obtaining reasonable assurance about whether North Santiam School District No. 29J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

**Deposit of public funds with financial institutions (ORS Chapter 295)**

**Indebtedness limitations, restrictions, and repayment**

**Budgets legally required (ORS Chapter 294)**

**Insurance and fidelity bonds in force or required by law**

**Programs funded from outside sources**

**Student Success Act's Student Investment Account (SIA) Funding**

**Authorized investment of surplus funds (ORS Chapter 294)**

**Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)**

**State school fund factors and calculation**

In connection with our testing, nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, except as follows:

**1. Budget Over Expenditures**

The District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	Debt Service	\$ 119,720	\$ 1,694,322	\$ 1,574,602
Food Service	Enterprise and Community Services	\$ 1,300,000	\$ 1,308,126	\$ 8,126
Capital Projects	Debt Service	\$ 33,500	\$ 172,160	\$ 138,660

**OAR 162-010-0230 Internal Control**

In planning and performing our audit, we considered the District’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis. We consider finding 2022-001, noted in the schedule of findings and questioned costs, to be a material weakness.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, as defined above. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of the board of directors and management of North Santiam School District No. 29J and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.



Accuity, LLC  
December 13, 2022

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SUPPLEMENTAL INFORMATION REQUIRED BY OREGON DEPARTMENT OF EDUCATION

For the Year Ended June 30, 2022

Part A is needed for computing Oregon’s full allocation for ESEA, Title I, and other Federal Funds for Education.

A. Energy Bill for Heating – All Funds: Please enter your expenditures for electricity and heating fuel for these Functions and Objects.		Objects 325 through 327
	Function 2540	\$ 430,345.15
	Function 2550	\$ -

B. Replacement of Equipment – General Fund: Include all General Fund expenditures in object 542, except for the following exclusions:		\$ 70,288.51
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Exclude these functions:

1113, 1122, and 1132	Co-curricular Activities
1140	Pre-Kindergarten
1300	Continuing Education
1400	Summer School

Exclude these functions:

4150	Construction
2550	Pupil Transportation
3100	Food Service
3300	Community Services

## **SINGLE AUDIT SECTION**

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2022

Federal Grantor, Pass through Grantor, Program Title	Pass-Through Grantor Number	CFDA	Expenditures
<b><u>U.S. Department of Education</u></b>			
Passed through Oregon State Department of Education			
Title I Grants to Local Educational Agencies Special Education Cluster	67034	84.010	\$ 392,998
IDEA Special Education Grants To States	60713	84.027	<u>474,029</u>
English Language Acquisition Grants	58493/67154	84.365	27,705
Title IIA Improving Teaching Quality State Grants	58817/67467	84.367	102,553
Student Support and Academic Enrichment	58628/66823	84.424	32,291
<b>COVID-19 - Elementary &amp; Secondary Schools Emergency Relief Fund</b>	64642/64947	84.425	<u>2,292,832</u>
Total Passed through Oregon State Department of Education			<u>3,322,408</u>
Total U.S. Department of Education			<u>3,322,408</u>
<b><u>U.S. Department of Agriculture</u></b>			
Passed through Oregon State Department of Education			
Child Nutrition Cluster			
National School Breakfast Program	2143	10.553	263,387
Food Distribution/USDA Commodities	2143	10.555	85,290
National School Lunch Program	2143	10.555	920,775
National School Lunch Program - Supply Chain Assistance	2143	10.555	42,436
<b>National School Lunch Program - COVID Sponsor Reimb</b>	2143	10.555	30,905
Summer Food Service Program	2143	10.559	34,145
Summer Food Service Program - Commodities	2143	10.559	<u>4,287</u>
Total Child Nutrition Cluster			<u>1,381,225</u>
<b>Child and Adult Care Food Program - COVID Sponsor Reimb</b>	2143	10.558	1,688
CNP SNAP State and Local P-EBT	2143	10.649	<u>614</u>
Total Passed through Oregon Department of Education			<u>1,383,527</u>
Total U.S. Department of Agriculture			<u>1,383,527</u>
Total federal expenditures			<u>\$ 4,705,935</u>

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2022

**I. PURPOSE OF SCHEDULE**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of North Santiam School District No. 29J's under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200; Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the activities of the District, it is not intended to and does not present the financial position, changes in net position, nor the operating funds' revenue and expenses.

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR FEDERAL AWARD EXPENDITURES**

**A. Basis of Presentation**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**B. Federal Financial Assistance**

Pursuant to the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the schedule of expenditures of federal awards, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

**C. Major Programs**

The Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance.

**D. Reporting Entity**

The reporting entity is fully described in the notes to the District's basic financial statements. Additionally, the schedule of expenditures of federal awards includes all federal programs administered by the District for the year ended June 30, 2022.

**E. Revenue and Expenditure Recognition**

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
North Santiam School District No. 29J  
Stayton, Oregon 97383

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of North Santiam School District No. 29J as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise North Santiam School District No. 29J's basic financial statements and have issued our report thereon dated December 13, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting (internal control) in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and/or significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item (2022-001) to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Santiam School District No. 29J's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, as follows:

### 1. Budget Over Expenditures

The District expended funds in excess of appropriations as follows:

<u>Fund</u>	<u>Function</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General	Debt Service	\$ 119,720	\$ 1,694,322	\$ 1,574,602
Food Service	Enterprise and Community Services	\$ 1,300,000	\$ 1,308,126	\$ 8,126
Capital Projects	Debt Service	\$ 33,500	\$ 172,160	\$ 138,660

### North Santiam School District No. 29J's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. North Santiam School District No. 29J's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Accuity, LLC  
Albany, Oregon  
December 13, 2022



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
North Santiam School District No. 29J  
Stayton, Oregon 97383

### **Report on Compliance for Each Major Federal Program**

#### *Opinion on Each Major Federal Program*

We have audited North Santiam School District No. 29J compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, North Santiam School District No. 29J complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of North Santiam School District No. 29J and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of North Santiam School District No. 29J's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementations, and maintenance of effective internal controls over compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on North Santiam School District No. 29J's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about North Santiam School District No. 29J's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding North Santiam School District No. 29J's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of North Santiam School District No. 29J's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of North Santiam School District No. 29J's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is a deficiency, of combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Accuity, LLC  
Albany, Oregon  
December 13, 2022

**NORTH SANTIAM SCHOOL DISTRICT NO. 29J**  
**Stayton, Oregon**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2022

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of auditor's opinion issued:	Unmodified
Internal control over financial reporting:	
• Material weaknesses identified?	Yes
• Significant deficiencies identified not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

*Federal Awards*

Internal control over major programs:	
• Material weaknesses identified?	No
• Significant deficiencies identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Elementary and Secondary Schools Emergency Relief Fund
10.55X	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**SECTION II -FINANCIAL STATEMENT FINDINGS**

<u><i>Finding Number</i></u>	<u><i>Finding</i></u>
2022-001	Inadequate cutoff procedures at year end, led to misstatement of payables, receivables and inventories.
<b>Criteria</b>	Year end close should include reconciling balance sheet accounts to detail records
<b>Condition</b>	During audit testing it was noted that material amounts of payables and receivables were not recorded, as well as inventory not being adjusted to agree to detailed records.
<b>Cause</b>	Changeover in staff disrupted year-end close procedures
<b>Effect</b>	Misstatement of receivables, payables and inventories
<b>Questioned costs</b>	None
<b>Recommendations</b>	We recommend the district strengthen year end close procedures to prevent reoccurrence

**SECTION III- CORRECTIVE ACTION PLAN**

<u><i>Finding Number</i></u>	<u><i>Corrective Action Plan</i></u>
2022-01	The new Business Manager for the District has already reviewed and improved closing procedures for month-end, and year-end.